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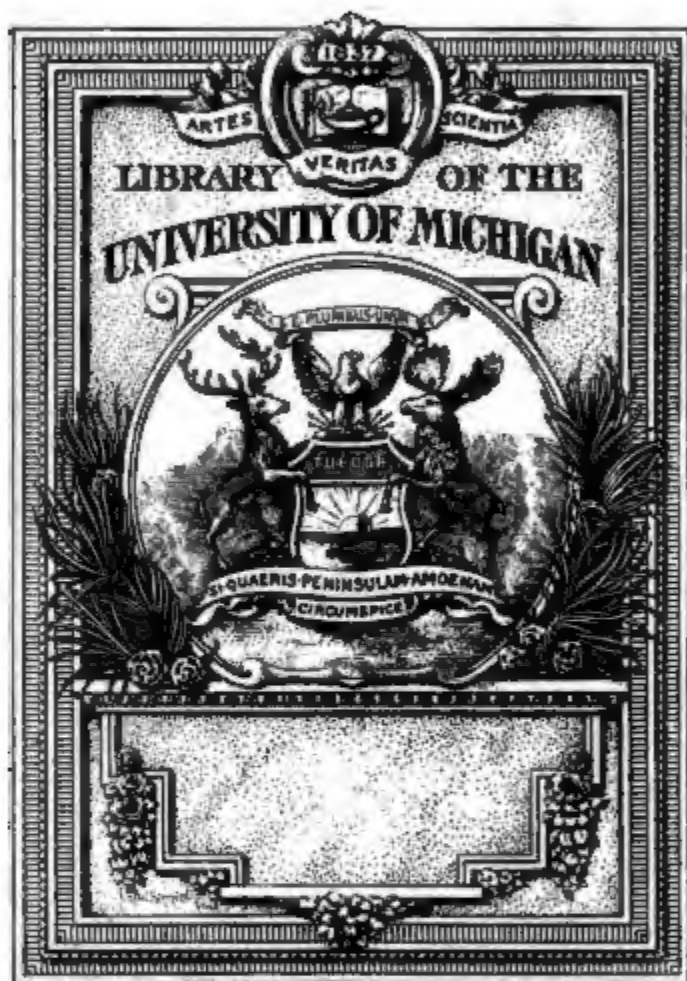
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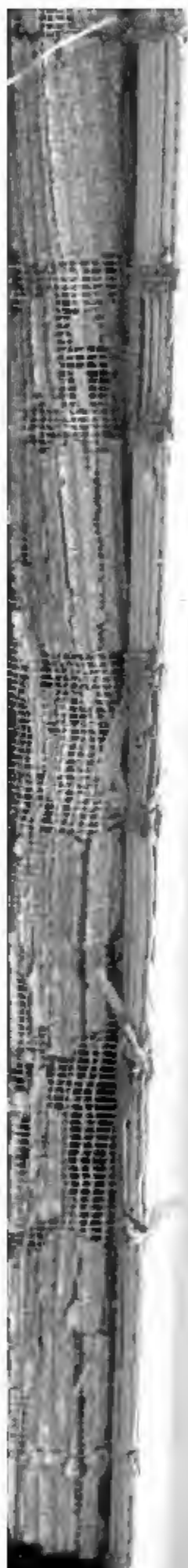
















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# A DIVIDEND TO LABOR

92293

## *A STUDY OF EMPLOYERS' WELFARE INSTITUTIONS*

BY

NICHOLAS PAINE GILMAN

I know of no trust more sacred than that given into the hands of the captains of industry, for they deal with human beings in close and vital relations—not through the medium of speech or of exhortation, but of positive association, and by this they can make or mar.

CARROLL D. WRIGHT.



BOSTON AND NEW YORK  
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1899

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## PREFACE

THIS volume has a scientific and a practical aim. Frequently, since the publication of my work on profit sharing in 1889, I have been forcibly made aware of the difficulty of getting reliable information concerning the "welfare-institutions" which numerous employers of labor maintain for their employees. A characteristic note of most of these arrangements is that the liberal-minded employer making them stops short of plans which would demand a change in the existing wages system. Practically they result, however, in an "indirect dividend to labor," as I have called it. They depend for their existence upon realized profits, made in the usual way, and appropriated in part by the employer for the benefit of his work-people, purely at his own discretion and usually under no agreement with the employees. Such welfare-institutions form an intermediate stage between a wages system under which the workman receives his agreed wages and nothing more, directly or indirectly, and a profit-sharing agreement according to which he would receive, directly and regularly, a certain share of the profits made by the establishment.

There have been and are, in this nineteenth century, employers numerous enough to be worthy of

consideration who have thus informally paid a virtual dividend to their employees. The significance of this method as a sign of a possible future is great. But economic literature in the English language, so far as I am aware, has no convenient record of such liberalities. The first aim of this volume is, therefore, to supply this deficiency, and to present a necessarily incomplete view of welfare-institutions in Europe and America. For Germany I have relied largely on the two volumes compiled by Dr. J. Post (the second was published in 1893), supplemented by later reports received from German firms: for France I have depended upon Mons. H. Brice's work, upon French profit-sharing literature (which pays much attention to these institutions), and upon direct correspondence. In both these countries there is such an abundance of instances that I have presented only a number of typical cases in detail and have briefly summarized others: in some cases I have had to be content with figures given in 1889. In England, on the other hand, such institutions seem to be comparatively few. For the United States I have described in varying detail a considerable number of cases, most of which I have personally investigated. In this country there are certainly, and in England there are probably, numerous instances of liberal employers of whom I have no information. From the nature of the case such a record as this must be incomplete; the main matter is that it shall include a good variety of plans

that have been tried in different lines of industry. It has seemed well worth while, from the standpoint of knowledge simply, to bring together the body of sifted facts given in Part II. for the information of all persons interested in the study of labor questions. I shall welcome news of cases now unknown to me.

My practical aim has been to present these facts, which appear to exhibit a finer conception of the employer's function than is commonly held, in such a way as to incite other intelligent and successful employers of labor to go and do likewise. It has been especially difficult for such an employer, with the best intentions, to learn much of what others have done on the lines of far-sighted policy and practical philanthropy which are my subject.

I have thought that the facts given in Part II. would be shown more satisfactorily, if they were prefaced by the matter contained in Part I. on the modern employer. I here hold that an essential matter in the labor world is that both the buyer and the seller of labor shall realize the moral aspects of their relation — in other words, that the labor contract shall be moralized. This is as true of the workman as of the other party to the contract; but, as this volume is concerned with the latter, I allude to the former incidentally only, and go on to present a realizable ideal, such as a sober and candid imagination might construct. That no excessive demands are made on actual employers by such an ideal will

appear from the account which follows of Robert Owen, the man who made this ideal a matter of fact three generations ago.

In Part III., under the heading "A Direct Dividend to Labor," I have supplemented my treatise on profit sharing (which it has not seemed feasible to revise) with such later information as the lapse of ten years renders desirable. With the appendixes Nos. II. and III., this part may serve to set forth the later history of the system.

To the many business firms and corporations at home and abroad with whom I have corresponded, or whose establishments I have visited, while preparing this work, my sincere and hearty thanks are due for their unwearied courtesy. As I write these closing lines, I am also mindful of two great publicists, too soon departed, to whom I owe much of light and leading, and whose labors in the cause of industrial peace this volume would fain help to continue in some degree — Francis A. Walker of Boston, and Charles Robert of Paris.

Whether the dividend to labor which the economist approves and the employer establishes be direct or indirect, I trust that this book may serve to increase that deeper consciousness of kind, that more truly human sympathy between employers and employed, of which such a dividend can be but an imperfect expression.

N. P. G.

MEADVILLE, PENNSYLVANIA, September 16, 1899.

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# A DIVIDEND TO LABOR

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## PART I

### THE MODERN EMPLOYER

#### CHAPTER I

##### AN ESSENTIAL MATTER

THE great Duke of Wellington is reported to have lamented, on a certain occasion, that he was "much exposed to authors." The employer of labor at the present day might complain that he is much exposed to philanthropists. The number of persons, quite inexperienced in practical affairs, who are ready to tell him the only just way of managing his business, so far as concerns his employees, is not small. They are often forward to accuse him of being the chief reason for the existing unrest and confusion in the world of industry. They sometimes charge him with hardness of heart because of his unwillingness to advance wages beyond the market rate, or to lessen the hours of labor in his factory, while his competitors are keeping to the usual working day. They deplore his lack of intellectual vision, in that he does not foresee, as they do, the near abolition of his entire class in the downfall of the competitive régime and the advent of coöperative man or the socialistic state.

The disregard of some obvious facts which characterizes much of this advice or objurgation is plain to the ordinary employer of labor, upon whom there lies the executive care of a considerable business. He is but too well aware, in very many cases, that it requires all his skill to keep his head above water, while paying the same rate of wages as his more successful competitors, and obtaining the same number of hours of work from his men. When he is reminded of the millionaires in his own industry who have erected hospitals, free libraries, or model villages, he can often allege truly that he has himself been a very practical philanthropist, in keeping his force as steadily employed as possible for years, despite the variations of trade. He may claim that he has not yet received a due compensation for his arduous labor of superintendence. As for general coöperative production by the workingmen, acting as their own employers, he thinks that he cannot justly be considered a barrier in their way: it is freely open to them, so far as he is concerned. As for socialism, he does not consider it a practical question for this generation.

No conviction, again, is more deeply rooted in the mind of the ordinary man of affairs than that of the inadvisability of confusing philanthropy and business. "Mixing things that differ is the Great Bad," as Mrs. Carlyle said. Let business be conducted, then, on sound business principles, says the man of affairs: let philanthropy do its saving office after the business is firmly established and yields large returns: but let such salvation not interfere with the common-sense methods of the active world.

In this volume I do not pose as the advocate of the

workingman. For the great body of competent and successful employers of labor I entertain a sincere respect, according to their solid ability in the conduct of affairs. I have a profound conviction that a true and natural aristocracy — the leadership of the competent — is to endure in the industrial world, as elsewhere, for an indefinite time.<sup>1</sup> Progress toward coöperative production is slow, though not so slow now as formerly, and a socialistic state is, to say the least, still below the horizon of "practical politics." I have no difficulty in believing in the fundamental rationality of the men who employ their fellow-men in large or small enterprises; I do not doubt their predominant desire to be fair and just in their dealings. Were this not so, the pessimist would certainly have a much firmer and more extensive foundation for his depressing creed than the reasons which he generally gives.

But no condition of mankind is perfect altogether, and no body of men has yet succeeded in monopolizing wisdom. The function of the entrepreneur, or employer on a large scale, is still so modern that it has not had time for its full humanization and rationalization. Destined, I believe, to long continuance among articulate-speaking men, as a relation both natural and reasonable, the employer's office should be examined from every side, to discover all its excellences and to supply all its defects. If the entrepreneur indeed represents the brain in the industrial body, and therefore has rightly a controlling power, he must properly recognize that one of the chief func-

<sup>1</sup> Mr. W. H. Mallock has very ably treated this matter in his work on *Aristocracy and Evolution*.

tions of the mind is to form ideals — ideals that are desirable and realizable, ideals that presuppose conscience and a touch of imagination, ideals that demand great patience in our slow march toward the Better; never, for human eyes, shall that Better become an unyielding and impassable Best!

An ideal in regard to erecting the finest mills, the purchase of the fittest machinery, the making of the largest and best product, and the control of the widest market is often before the employer's mental eye. Let him remember, then, that the most important part of the whole apparatus of production is the laboring men, the "living machinery," as Robert Owen called it, of a factory. There is an ideal relation possible of conception between the manager or owner of a cotton-mill and those men who work in it. This ideal, to speak broadly, is approached in a prosperous factory just so far as reason and good-will prevail there.

Before inquiring what reason and good-will demand, let us briefly consider the general function of the modern employer as a leader in the industrial world. Long overlooked by the economists as a factor distinct from the possessor of capital, he has had ample justice done him at last by the economists of the latter half of this century. The late President F. A. Walker especially was among the first writers in our language to give a proper account of his peculiar function — a function quite distinct from that of the man who has inherited a fortune, which he would like to use in capitalistic production, but who is well aware that he is himself destitute of the commercial and executive ability needed to insure profit in business.

The man who has the mental ability and the force of character requisite for the conduct of industry on a large scale, under the trying conditions of modern competition, but who has not the large capital needed, is the man whom the capitalist proper seeks and eagerly embraces when found. Here is the one magician who can call up profits from the nether deep by his potent art. The two functions, of providing money and of furnishing an able brain and a masterful character, are always to be distinguished, whether in different persons or in the same person. When the man of innate executive power and great acquired knowledge has also become a capitalist through his deserved prosperity, he unites the two functions. As a capitalist he lends money to himself as an employer; but the second function is far more rarely exercised prosperously among men than the first.

It is the unique task of the employer to bring together capital and labor by using both in a partnership which only executive skill and business foresight can make profitable. He it is with whom the workman has to contend or to unite. No mythological "conflict between Capital and Labor" engages the striker, but a very real contest between himself and the employer. To the employer the workman resorts in order to procure occupation and wages: against the employer he strikes for higher wages; or with the employer he produces, in a friendly union of industrial effort. The labor problem is, substantially, the question of obtaining the best relations between labor and management, between the hand-worker, more or less skillful with his brain, and the man at the head of the concern, whose labor is chiefly, if not wholly, mental.

However much I shall have to say in this volume upon the moral disposition of the employer, I fully recognize the fact that the first thing necessary to the welfare of the workman is that his employer shall be a man of intellectual ability and general force of character — not primarily moral force. It is far more important for the workman that his employer shall be financially successful than that he shall be kind or generous in his dealings. A hard employer, who keeps his men steadily at work for years, on the average wage, is much more of a real benefactor to the operative than a genial employer whose inexperience or lack of capacity closes the factory in a few months: the latter will have the sympathy of his employees, but he is not their best friend. The responsibilities of a typical great entrepreneur of this century are many and varied, and they call loudly for the strong man in the manager's chair. The employer often selects the place in which the factory is to be carried on: he has to build it in accordance with the latest teachings of experience; he has to stock it with approved machinery; he has to find capable overseers and a supply of competent work-people; he has to buy the raw material, to decide upon styles and patterns, and then to sell, in the most favorable market he can find, the finished product, due to all this remarkable and prolonged concert of various abilities in the whole force. He is the one person to whom the chief praise for success is rightly ascribed: just as much is he the one person at whose door the blame of failure is to be laid — whatever its specific cause, he is properly held accountable for allowing that specific cause to work. "Captains of



industry," who have chosen their lieutenants and privates, they are the culprits or the weaklings to whom failure is due, if failure there be: and, if success arrives:—

"Brightest is their glory's sheen,  
For greatest hath their labor been."

Mr. Mallock has not overrated the importance to modern civilization of the strong brain and the forceful character of the successful employer.<sup>1</sup> He deserves to lead, since he is indispensable to the welfare of those allied with him, the capitalist and the workman alike. The incompetent employer, as President Walker declared, is the worst enemy of the workingman, for he soon leaves him unemployed. A successful manager, on the other hand, who feels no particular sympathy with his operatives in their toilsome life, but does keep them in work, year in and year out, stands between them and starvation like a wall. Power and success in the entrepreneur are the surest ground for the employee's confidence in the future. A fine morality, in the sense of sympathy or kindness or generosity, on the employer's part, is a secondary matter, however important, just as in deeds of war the morality of a Napoleon or a Moltke is not primary. But, assuming the existence in him of all the abilities required for the prosperous working of a great indus-

<sup>1</sup> "Capitalism, in its essence, is merely the realized process of the more efficient members of the human race controlling and guiding the less efficient; capitalistic competition is the means by which, out of these more efficient members, society itself selects those who serve it best; and no society which intends to remain civilized, and is not prepared to return to the direct coercion of slavery, can escape from competition and the wage system, under some form or other, any more than it can stand in its own shadow."

trial establishment, then good-will to men, sympathy with one's kind and the human touch are happy and fortunate and admirable additions to the vigor of mind and the power of will which have taken a bond of fate. It will be another proof of strength in the strong employer if he seek and gain all the moral advantage possible, and cement a kindly alliance with his nearest fellow-men, building up the special and the general welfare in firm union. Morality, no substitute for intellectual ability and force of will in business, is a very noble companion to them.

But, when we take a large historic and philosophic view of the progressive civilization of mankind, we cannot fail to be struck by the slowness with which new forms of human relationship are moralized. An original and inventive man makes a successful stroke in trade or industry. Others eagerly imitate him. It is a long time before the ethical relations of the new method are considered, or the point is even raised whether it has any ethical relations. Nothing succeeding like success, in a world where imitation is a primal power, the first thought of the natural man is that the end justifies the means, unless these are abhorrent to the common conscience. After the new method has long been in operation to the profit of many individuals, they easily reject the moral test. They hold it impertinent in moral sticklers to thrust their delicate scruples upon those who are simply doing as others do in a particular business. But neither the earlier nor the later position can be justified before the bar of reason. The first man to find the new way pays no attention to the morality of it, being absorbed in satisfaction with the happy result

to his own fortunes ; of course, this indifference cannot be permanently maintained. Those who follow him must recognize implicitly, at least, the propriety of applying the moral test. If they are doing what others are also doing, it can no longer be considered a private matter. It certainly has become a matter for moral judgment, if moral judgment has for its proper subject the actions of social man.

Let us apply this ancient truth to a modern instance. The first English manufacturer who bargained with the poor-law guardians of a parish<sup>1</sup> for a supply of children for his cotton-mill, might have claimed that this was a personal affair between himself and the guardians. They contracted with him legitimately, according to the rights of freemen. He might well say that he would himself attend to the children properly thereafter. He might have heard with virtuous indignation any insinuation that he would probably overwork and underfeed these orphans of tender years, for the increase of his profits. Suppose that a moralist of the time had had a clear foresight of the actual consequences of such "free contract" to these orphans, who certainly were not "free" themselves. Suppose that he called at once for the intervention of the government. He would certainly have found but scant recognition of his good sense in the House of Commons. The new practice had to spread and become common, and its natural injurious results, in such hands, become obvious to all who had eyes willing to see, before the law could advisably interfere. It had to become an immoral institution before it could be moralized ; in other words,

<sup>1</sup> In the latter part of the eighteenth century.

it was obliged to have a natural history before it could have a moral history. The greed of the intellectually half-trained and morally low-toned manufacturers of the early part of the factory period<sup>1</sup> produced atrocious results in heartless treatment of the mill children; the story is familiar to all acquainted with the rise of modern industry.<sup>2</sup> Then, and not till then, the need of moralizing this new but neglected institution became manifest. It was then plain to see that the State was the most effective agency to meet the crying need. Here, again, was the old, old story, — a new and evident power disclaimed responsibility, and proceeded, by a fatal evolution, to the vices and evils that always accompany such a disclaimer.

If the employer of to-day is sometimes impatient at the large amount of "preaching" which he thinks is needlessly directed upon himself, he may do well to refresh his recollection of this time when the most elementary moral commandments were flagrantly disregarded by men of his class, — the English manufacturers of 1780–1830. In these earlier years of the factory system, the duties not alone of justice and

<sup>1</sup> Gaskell, in his *Manufacturing Population of England*, as quoted by Dr. G. von Schulze-Gaevernitz (*Zum Socialen Frieden*, vol i. p. 24), tells us that the textile employers of the industrial-revolutionary period were almost exclusively former workmen, in home or factory, who had risen above their fellows by their ability and energy. Dr. Schulze-Gaevernitz continues: "The first generation of employers . . . belonged, then, to the uncultured class. They are pictured as rude and brutal. . . . That moderation which is laid upon inherited wealth by family tradition, social considerations and moral ideas was foreign to them (p. 25). . . . Their relation to the workmen was, in fact, a purely economic one, — they considered them not as men, but as means of accumulating capital" (p. 34).

<sup>2</sup> See *The Modern Factory System*, by R. Whately Cooke Taylor, ch. v.

kindness, but even of ordinary humanity, as we to-day understand it, were frequently and grossly disobeyed, especially in the treatment of women and children. "In no place and in no time," says Dr. Schulze-Gaevernitz ("Zum Socialen Frieden," vol. i. p. 40), "have Property and Culture so refused their duties toward the lower classes, as did the Middle Classes of the English people in the first decades of this century." Not only the many appeals of Lord Ashley (afterward Lord Shaftesbury) from the House, and the noble denunciation of abuses by the man of letters in the person of Thomas Carlyle, but also the much earlier good example of Robert Owen, the ablest cotton-spinner of his generation, were long fruitless.

It was an unfortunate alliance for both parties that was practically made between the manufacturers and the political economists of this period. The narrowness of the economists in declaring against state "interference" with the divine right of the manufacturer to disregard the commonest rules of humanity, if he chose, in dealing with children in the mills, has been condemned by all subsequent writers who take a true view of the demands of "national welfare." But the large English employers of the years 1780-1830 were but too glad of such "scientific" support for their unbridled greed. A second half-century has clearly seen that the manufacturer-philanthropist, Owen, the humane Earl Shaftesbury, and Carlyle, the genius of letters, were in the right, while the insular economist and the unideal employer, declining to apply the test of sound feeling to the lot of the workingman, were altogether wrong. Carlyle, indeed, has been amply vindicated as a prophet of humanity; howsoever

little he could do in the way of practical guidance, his prophetic warning against the inhuman spirit which held the "cash nexus" the only one to be respected by the employer has been thoroughly justified.

The moral education of the world is slow, but it is sure. The industrial development of the last hundred years has happily witnessed an increasing emphasis laid by public opinion, ever more watchful over a wider field, on the moral relations of the employer of labor to his workpeople. He is not now allowed to build factories destitute of sanitary appliances, to stock them with machinery dangerous to the operative without liability in case of accident, or to work women and children as long as he pleases. For the "rights" which the narrow-minded employer is pleased to claim, but which result practically in serious injury to workmen and the lessening of the public health and wealth, the modern State has no regard. If enlightened selfishness or the motions of his own conscience will not lead the employer to do for his employees what public opinion has come to recognize as ordinary justice, he will be externally moralized by the force of law; his practice, if not his sentiments, must be made to conform to the recognized general average of morality.

Very obviously, however, no institution has reached maturity so long as external moralization is the only ethical experience which those at the head of it have undergone. If the employer fences his machinery and works his force only the legal hours, but declares that beyond compliance with the letter of the factory laws, and the punctual payment of their wages, he owes nothing to the hundreds of men,

women and children in his employ, then, however moral he may be in his home or as a citizen, he has not attained a true inward rightness in his industrial relations. He has not realized the full demands of a sound morality, which has no conflict with economic truth or economic law, but the force of which cannot be excluded from any relation which is human.

On the other side, if a workman simply works hard enough and carefully enough to retain his position in a factory: if he feels no desire that his employer shall prosper because he himself does his best, with all his fellows: if he simply refrains from physical violence during a strike while acting most unsocially in all other respects — he, too, is imperfectly moralized, so far as his relations to the employer are concerned. He, too, needs an ethical development, if he thinks that the whole duty of industrial man is thus discharged by him.

The simple truth is that, viewed on a large scale, the function of the modern employer has not yet been sufficiently moralized. Much of the strain and conflict now seen in the industrial world will disappear, in all probability, as the duty of the employer appears to him commensurate with his real power. Surely it is a great, if not commanding, influence which the large mill-owner, for instance, exercises over his work-people. They have come by hundreds from all quarters to do the work and take the wages that he had offered. A community is gathered and a new town, perhaps, is formed. Year after year, to these hundreds, or even thousands of workers, their work is the most important life-matter, as it is the foundation of all other matters. That the man who controls the



supply of this work, who has owned, or still owns, the ground his employees tread upon, and the houses in which they dwell—that this man has no moral relations toward them beyond paying wages and collecting rents, that he is not called upon to exercise the potent and far-reaching influence upon their present and their future which he might by taking a warm interest in them as human beings capable of education and progress—this is a position betraying a curiously incomprehensive idea of human duty. To an instructed and impartial mind it will seem the most glaring instance, perhaps, afforded by the modern world of the survival of tribal morals (employers being regarded as one tribe and workmen as another) and of the superficiality of the Christian veneer over a too substantial selfishness!

The moralist, the philanthropist, the enlightened economist and the well-balanced reformer of our generation have, indeed, no more inviting and fruitful task before them than the sagacious application of ideal justice and righteousness to the employer's function. In every direction the ideal, which we can form, if we will, of a human relationship best determines the actual duties and defines the solemn responsibilities of the connection. If a man refuse to entertain the thought of an ideal of the relationship which he sustains as a father or as a citizen, he is so far unmoral, and he is likely to be a poor father or an ineffective citizen. And if men gain stimulus and inspiration in their families, or in their civic duties, by considering an ideal of what they might do and be, surely this holds as true in the industrial sphere, where the contact of men with interests apparently so diverse is so close, incessant and fateful.

The ideal presented by the earnest man of thought to the practical man of business should, of course, accord with the plain necessities which beset that occupation. The ideal should be distinctly realizable by men who are neither heroes nor saints nor philanthropists: they might well fail in business if they attempted to be any one of these! The ideal must not be a pattern set in the mount to which those who must cultivate the common levels of life can have no inward attraction. It must be in close touch with reality, make no cruel demand on the average man, and harmonize with the laws of economic success. It must tally with the practice of the best men in different walks of business — those who stand highest in point of ability and character before the world at large. It must not be an ideal which requires that the individual employer shall act as if the making of his living were a minor matter with him, or shall conduct his business according to an economic or social system profoundly different from the one prevailing all about him. It must be an ideal, however, which necessitates the “human touch” in all social relationships, and rejects every tendency on the part of an employer to treat the men whom he employs as if they were machines, or animals of another and lower species than himself.

(Beneath all other causes of trouble and conflict in the labor world, making them seem superficial only, is the personal alienation of the employer from his fellow-men whom he engages to work for him) in large numbers. This alienation is partly due to the great size of many industrial enterprises and the consequent lack of personal acquaintance between the two parties.

In older times, when the master worked side by side with his men, in the field or the small shop, or was at least familiarly known to them, the acquaintanceship had its natural result, in most cases, in a general sympathy and friendliness which greatly facilitated production. The progress of invention, the immense development of industrial organization and the wide prevalence of corporate methods have rendered difficult, if not impossible, the old friendliness based on personal knowledge. But a substitute is not impossible, which shall manifest the interest of the employer in those who work for him. This working is, by its very nature, a species of coöperation. Obviously, the closer the coöperation can well be made, the better, from all points of view. There is need of the closest union, for however much the economic ill effects of large-scale production have been veiled, they none the less exist, as well as the moral loss.

If the modern employer is sincerely interested in the general welfare of the many persons who work for him, simply because they are human beings like himself, and because he realizes that he stands in a relation to them which can be made very effective for good to both parties, he has taken a long stride toward industrial peace in his house, and he has the root of the ideal in him. The particular forms in which his good-will shall best take effect are a matter of detail. The spirit which is the main matter is easily recognized by the sensible employee. The conscientious employer, recognizing the largeness of his opportunity to do good, in proportion to his prosperity, will see that the heathen for whom he should contribute are often those at his own door, in the shape of men and

women in his employ who are poor, ignorant and possibly vicious — but still his fellow-men. He is probably in a position to do more for them than any other person can.<sup>1</sup>

An employer is moralized who fully perceives the uniqueness of his opportunity and girds himself to the great responsibilities of his position. As I have said, it will be a matter for careful inquiry and sober discrimination to select the practical measures which he shall take to manifest his kindly thought. He will need to consult all available experience to learn what others have done that will reward his imitation: he may need to go very slowly in adopting methods and building up institutions which shall tend to embody his ideal of justice and kindly feeling. But great is his gain from the very beginning of such beneficence, in his larger and stronger hold upon things as they are in the world of man, when he confesses his peculiar responsibility and manfully sets himself to discharge it.

<sup>1</sup> "I assure you that the weal or the woe of the operative population everywhere depends largely upon the temper in which the employers carry the responsibility intrusted to them. I know of no trust more sacred than that given into the hands of the captains of industry: for they deal with human beings in close relations, — not through the media of speech or exhortation, but of positive association, — and by this they can make or mar. The rich and powerful manufacturer, with the adjuncts of education and good business training, holds in his hand something more than the means of subsistence for those he employs. He holds their moral well-being in his keeping, in so far as it is in his power to mould their morals. He is something more than a producer: he is an instrument of God for the upbuilding of the race." (Carroll D. Wright, U. S. Commissioner of Labor.)

## CHAPTER II

### A REALIZABLE IDEAL

IN dealing with any question it is true, and especially is it true in dealing with the "labor question," that a one-sided solution is no solution at all, as Professor Gonner has said. Solutions in abundance have been advanced by those who take the side of the workingman in a partisan spirit. On the other hand, the modern employer has the usual facility of human-kind in recognizing other men's duties. He clearly sees, for instance, that the trade-unions have responsibilities to the employer and to the public which they cannot properly evade, as well as enormous powers to do harm, of which they are fully conscious. But *tu quoque!* The brain that must contrive what many hands are to accomplish in modern industry needs also to be moralized in its dealings with those indispensable "hands," as well as to be congratulated on its great powers and its splendid achievements.<sup>1</sup>

The modern employer should do his part in the settlement of labor problems: he should contribute

<sup>1</sup> As the Bishop of London declared at the Coöperative Congress in 1898: "The adaptation of old conditions to the needs of the great modern industrial system was hastily wrought, under stress of pressure which did not allow of a complete survey of all necessary facts. The man was hastily converted into the 'hand,' and the conditions of his humanity, which had never been absent from consideration before, were suddenly left out of calculation. . . . The 'hand' must again be converted into the man, on the broader basis which the development of common life demands."

much more than silence or purely negative criticism to the discussion, if he would retain the respect of the public: he should offer positive suggestions and himself show realized reforms in various lines of production, if he wishes his criticism of others' reform projects to be heeded. Most of all, his attitude should be plainly moral, rational and conciliatory, and his spirit be one of sympathy with the honorable aspirations of the workingman. The majority, probably, of American employers have themselves been workmen, and they need only recall their own thoughts and feelings, when in that condition, to do justice to their less fortunate or less capable brethren. What would such an employer do, what could he do, to solve labor questions in his own business? In answer, I will now briefly outline a rational and realizable ideal, an ideal based entirely upon foundations in experience and built up of material from the same source. Every feature of it, as the reader will see from the following chapters, is taken from successful reality. For there is to-day a considerable body of employers of labor who have fully recognized their moral function. It is their ideas and their work that this volume represents. It is with their answer to the claims of reason and good-will upon the employer that we are concerned.

In the first place, it may not be too late in the day to say that the model employer frankly accepts the principle of factory legislation as reasonable, and the labor laws themselves as desirable and necessary. Such legislation is desirable, since the health and strength of the working population—their physical capital—should at least be maintained undiminished

from generation to generation, if the nation is to hold its place in the world-conflict, and if it is to have true internal welfare. It is reasonable to use this means to the desired end, since the end is the common weal, reached most naturally by state-craft. Labor laws are necessary, experience shows, in order to protect the comparatively unprotected workpeople against those who have a great advantage of position; these laws will assist the more humane employers, also, against unfair competition from the unscrupulous, who would exploit women and children, for instance, by demanding of them exorbitant hours of work. The enlightened employer will, therefore, welcome the expression of the impartial national will; the social conscience has both the right and the duty to guard the national welfare from generation to generation, seeing that the commonwealth take no harm, and forbidding any class of citizens to overwork and devitalize any other class for its profit. If thoroughly enlightened and far-sighted, the employer will regard the stipulations of well-considered law concerning the construction, heating, lighting and ventilating of shops and factories as the minimum of his duty: the maximum will be compliance, as he is able, with the fullest demands of reason and humanity, by making every sanitary and protective arrangement for his workpeople that prudence and science suggest. There may well be details of factory laws, or whole laws even, which are positively unjust to the employer, being due to the zeal of demagogues, chiefly intent on capturing "the labor vote." But the most effective criticism of such partiality will surely come from those employers who have fully recognized the sound-

ness of the principle of factory legislation and have shown a large willingness to comply with its just demands.

The attitude of the employer toward trade-unions should be one of frank appreciation of the great good that they have done, and are doing. Some of the most progressive manufacturers of our day have declared their preference for dealing with the authorities of trade-unions, rather than with the men separately. Not a few, like Mr. George Thomson of Huddersfield, and Mr. N. O. Nelson of St. Louis, positively encourage their employees to join a union. The Union, like the Trust, is plainly an enduring element of the modern industrial situation. It should become an incorporated body, with power to sue and be sued, and thus level up its responsibilities to its powers. In the mean time, wise men will adjust themselves to it, and make the best of it, instead of fighting the inevitable. They will not be the first to resist every demand of the laboring man simply because it comes from a union, or the last to concede a courteous and patient discussion of labor difficulties before disinterested parties.

“Compulsory Arbitration,” indeed, is a misnomer and a contradiction in terms, if the employer or the workman is to be compelled by law to accept the offer of arbitration from State authorities, and to abide by the results. But the better compulsion of reason will lead the employer to establish in his works a committee of conciliation, which may amicably settle small troubles before they become great feuds: he will also be willing to let impartial arbitrators decide the greater matters, if he is not asked to make concessions



simply fatal to his just authority. The methods of practicable arbitration are simple and easily mastered: and in a number of American commonwealths the State Boards of Arbitration deserve high praise for the judicial manner in which they have discharged their peaceful office.<sup>1</sup>

The ideal employer, following the example of many actual employers, will feel and show a kindly interest in the welfare of the men who are joint workers with the counting-room and the firm in the total industry. He will take an active part in encouraging thrift, for example, after the manner of such corporations as the Chicago Electric Car Company (on the South Side), which receives deposits and does the necessary book-keeping for its employees' benefit association without charge. Other firms, such as the Carnegie Steel Company of Pittsburg, pay a high rate of interest on savings from the men; this rate is now half as large again as that paid by the savings-banks.

The progressive employer will make it easy for his workmen to acquire shares in the stock of his corporation (if his business is so organized). The shareholder-workman is a most desirable link between capital and labor, partaking of the interests of both. Some States (like Massachusetts) have smoothed the way for corporations to issue "workman's stock," under favorable conditions. But the example of the Columbus (Ohio) Gas Works and the Illinois Central Railway shows how easy and how advisable it is

<sup>1</sup> Mrs. Josephine Shaw Lowell has compiled the most important literature on this subject in her small volume, *Industrial Arbitration and Conciliation*. The annual reports of the Massachusetts Board have especial value.

for employers to offer such facilities apart from legislation.

The employer is usually a man fond of the home which he owns. He should be quick to recognize that the workingman is made of the same stuff of thought and feeling as himself, on the broad lines of human desire. In no other way can he more wisely help his employees than by assisting them in this particular direction. Some firms build and rent attractive houses at low rates: such are S. D. Warren and Company, the paper manufacturers of Cumberland Mills, Me., the Thread Company at Willimantic, Conn., and the Howland Mills at New Bedford, Mass., to name but three American instances. The so-called "labor advocate" sometimes makes an egregious blunder in objecting to the workman's becoming the owner of his home. The thought is that he should be a soldier in a perpetual war against "capital," and should incumber himself as little as may be in his possible marches, because of strikes or lock-outs, from one factory-town to another. How biased and partial a view this is — biased by an irrational notion of conflict as the normal condition of the workingman, and partial in its conception of him as simply an operative and not at all as a citizen — must become evident on brief consideration. Such sophistry of class-jealousy readily yields, however, to the deep home-loving instinct of the natural man, especially the Anglo-Saxon man. Employers like the Cheneys at South Manchester, Conn., N. O. Nelson at Leclaire, Ill., and many others in Europe and America, gratify this desire to the full by selling lots and houses on favorable terms to their employees, in their admirable

villages. Benefit funds, again, and life-insurance and pension plans for the assistance of workpeople in the trying periods of life find aid and encouragement from prosperous and sagacious employers. Several great railroads of this country (the Baltimore and Ohio, the Pennsylvania, and the Chicago, Burlington and Quincy, for instance), as well as many in Europe, exhibit on a large scale this method of corporate interest in the future of their men. Mr. Alfred Dolge was, for a number of years, the foremost single employer in the United States to develop a pension and insurance system in his felt works at Dolgeville, N. Y. His failure in business in 1898 showed the desirability of making such schemes independent of the financial fortunes of the house, if possible: this is effected in many instances in France and Germany.

The employer who has made a fortune out of a regular business is coming to be held by the social ethics of America responsible for the spending of some part of it for the benefit of the workers who coöperated with him, or, more generally, of the community in which the fortune was made. Such gifts should be made in the lifetime of the giver, and here in the United States it is plainly desirable ~~that~~ they should be made to the municipality, rather than to the workmen of a factory, if the welfare of the latter can be as well secured in this way. A free library in a manufacturing town is better given to the town by the mill-owner, than to the quarter in which the mill is located for the exclusive use of the operatives. In this way the manufacturer avoids drawing lines of division between his employees and the general public. The employee is, first of all, a man: next, a citizen: and,

lastly, a workingman. The employer's generosity should help to identify the operative with the common life of the town, rather than separate him from it, in any avoidable degree. When a particular manufacture, like that of scales at St. Johnsbury, Vt., or of shovels at North Easton, Mass., is the main business of a place of moderate size, great manufacturing families like the Fairbankses or the Amesese wisely present schools, libraries and halls for social and other public purposes, directly to the town. It is easy to make such regulations for their use that those for whom the benefactions are primarily designed shall derive as much benefit as if they had the sole use. In other instances, a factory community may be at a considerable distance from the centre of the town, forming either a village by itself or a well-defined suburb. In such cases club-houses, with their special libraries, lecture courses and entertainments are best placed in the midst of the population that they are to serve. A notable instance is the fine club-house which the Illinois Steel Company at Joliet provides for its men. A liberal spirit will naturally throw open such advantages to the other residents of the village or suburb, thus preserving the community principle as far as possible.

The number of employers in this country who furnish free reading-rooms and libraries in their works is considerable (perhaps it is proportionately largest in the State of Connecticut), and it is steadily increasing. It is greatly exceeded, however, by the number of men and women of wealth who have built, usually in their native towns, those monuments which James Russell Lowell thought most lasting and secure, in

the shape of public libraries. The record of such benefactions is one of the brightest pages in American civilization; already long, it is destined to be greatly lengthened — so large is the field for such genuine philanthropy.<sup>1</sup>

Club-houses, to which allusion has been made, are now chiefly found in connection with industries employing large numbers of men, like iron and steel works, and steam and electric railway lines. Of one of these institutions, an employer, well qualified to speak, declares that it has paid for its cost a hundred times over in the improved state of feeling among the men toward the corporation. Such gifts show a humane desire on the part of the manufacturer to brighten the workman's life, and they call forth respect and esteem, the surest preventives of labor-troubles. These club-houses may be so conducted as to interest the whole family of the workman, through their gymnasiums and swimming-pools, their libraries, their technical and art classes, open to girls and women as well as to boys and men, and their insurance, thrift and entertainment features, which affect the daily welfare of young and old.

Such "welfare-institutions" as I have mentioned (without exhausting the list) are most naturally to be expected from employers who have become prosperous and can show their friendly sentiments in large benefactions. But the good effect of these evidences of kindly interest is not in proportion to their size. The

<sup>1</sup> The Ninth Report of the Free Public Library Commission of Massachusetts (1899), a large volume of 465 pages, shows that less than one half of one per cent. of the population are destitute of this great opportunity. The library legislation of New York and New Hampshire is especially admirable.

manufacturer who is surely prospering, but has not yet accumulated a large fortune, will do wisely to begin modestly on these lines; <sup>1</sup> the institutions will be a help in his quicker progress to prosperity. The possible danger of too much "paternalism" on his part will be lessened if he thus begins early to show his philanthropic mind; and the other possible danger, of "pauperizing" the workers, will in the same way be reduced to a minimum. If the manufacturer has kept up the good habit of living near his mills, the development of these culture institutions will give a lively interest to his later years, and tend to prolong his residence there. His family, too, will be gainers from this kindly contact with the faithful men and women who have coöperated in establishing their prosperity.

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The methods and the institutions which have occupied our attention might be grouped together as instances (they are far from covering the whole field) of an "indirect dividend to labor." The employer here recognizes a moral obligation, incumbent upon the successful producer, to give a share of his fortune to his fellow-workers. This he does, not because it can be legally demanded, or is commonly esteemed a

<sup>1</sup> "It is too often thought that the employer can begin the social organization of his business only after he has reached the summit of fortune. What a mistake! Patronal institutions should begin with the enterprise itself, and develop with it. With each new success, with each enlargement of his industry, the employer increases his equipment; he should also increase the security and the confidence of his force, for as the workers become more numerous, superintendence is more difficult. The two equipments, the mechanical and the social, should never be separated." (M. J. B. Baille, the head of the Baille-Lemaire Opera-Glass Works, Paris.)

portion of ordinary justice, but because his large moneyed ability seems to him to impose the responsibility of that finer justice which men call generosity. Since all such gifts necessarily come out of the profits actually realized, the method followed is that of an informal "collective profit sharing," as it might be called. In this manner of dividing profits the employer makes no promises binding at law and draws up no scheme, but simply acts at his pleasure, from his desire that his men shall practically share, in an undetermined degree, in his prosperity. Considerable sums (as they are seen to be, when the gifts of several years are brought together) are thus withdrawn, which might have gone into the pockets of the mill-owner or the shareholder. It is not to be taken for granted, however, that, in the absence of such gifts and of the resulting good feeling, the profits would have been as large. The financial as well as the moral result may be one of clear gain.

A direct dividend to labor in the shape of a system of profit sharing, formally established with rules and regulations, is a further step in the union of the employer and the employee. My principal object in the present volume being to treat of the informal division of profits in such ways as have been mentioned, I postpone to Part III. some consideration of recent phases of this conscious modification of the usual wages-system. A small number of employers have had the courage to try this path. Such shining instances of success in this country as the cases of the N. O. Nelson Company of St. Louis, the Procter and Gamble Company of Cincinnati, and the Bourne Mills of Fall River, prove to demonstration the intrinsic

merits of the profit-sharing plan, when wisely conceived in its details, and patiently adhered to through the earlier difficulties of its application.

Profit sharing proper seems, however, to be a counsel of perfection too severe for the caution and the patience of the ordinary employer. Numerous ways and methods of indirect profit sharing which have been widely successful will be more acceptable to his prudence or his inertia. I shall describe many instances of such an indirect dividend to labor in Part II. They will show that the demand of the ideal I have outlined has been met by numerous employers of labor whose ability is as little to be doubted as their success. What they have done in the manifestation of a friendly interest in their workpeople many other employers could do. The fashion of such humanity might largely spread, and no existing industrial system undergo essential alteration. The distant future of industry may belong to coöperative production or even to the socialistic state: but the present and the near future belong, very plainly, to capitalistic production on a large scale. The employer-manager is an essential part of this system. It is an undeniable fact that he can do a great deal toward settling labor problems by conforming the relations of employer and employed to a high ideal of humaneness, kindness and fraternity.

The faith I here defend, that the individual employer of labor has it in his power to give a very practical solution of the labor question which immediately confronts him, finds signal confirmation in the life of one of the first modern employers on a great scale, — Robert Owen. His early career is full of instruction for all who now have the same responsibility.



## CHAPTER III

### ROBERT OWEN THE MANUFACTURER

ROBERT OWEN was born in 1771 and died in 1857. In his long lifetime he saw the rise and the full accomplishment of the "industrial revolution" which superseded domestic industry and manual labor proper, and introduced costly machinery and the factory system of production.

Employers of the present day can hardly realize some of the cruel aspects of this revolution in its earlier stages. But when we incline to lightly adopt "the casual creed" that every class of people is best left to work out its own salvation, and that any and every other class will, on the whole, do it substantial justice, we do well to recall the history of the English factory system, especially as it operated between 1780 and 1830. The bare facts constitute one of the most convincing proofs ever given among men that the greed of gain may be a consuming power, needing all the force of philanthropy and legislation to keep it within the bounds of humanity. The astonishing and apparently limitless fortunes opening before the eyes of English manufacturers in this period had an intoxicating effect. Their moral sense seemed to be drugged. Men in a presumably Christian nation were long guilty of conduct towards the children of the poor, working in their factories, that almost defies belief to-day for its atrocity.

It is not at all necessary to dilate rhetorically upon the depravity or the weakness of human nature as exhibited by the mill-owners and overseers of this time: unquestioned facts sufficiently tell the story. Workhouse children, six years old and upward, were let out in gangs by parish authorities to manufacturers who kept them in the mill ten, twelve or fourteen hours a day. "The parish apprentices were sent, without remorse or inquiry, to be 'used up' as the cheapest raw material in 'the market.' The mill-owners communicated with the overseer of the poor and a day was fixed for the examination of the little children. . . . On their arrival in Manchester or other towns, if not previously assigned, they were deposited in dark cellars, where the merchant dealing in them brought his customers, and the mill-owners, by the light of lanterns, being enabled to examine the children, their limbs and stature having undergone the necessary scrutiny, the bargain was struck. . . . In very many instances their labor was limited only by exhaustion after many modes of torture had been unavailingly applied to enforce continued action. . . . In brisk times their beds, such as they were, were *never cool*, for the mills were working night and day, and as soon as one set of children rose for labor, the other set retired for rest."

The unavoidable results of such monstrous overwork were, of course, "sleepiness, weariness, inattention, repeated carelessness, punishment, sulkiness, a degradation of the whole moral being, a perpetual hostility between overlooker and children, followed by frequent and cruel chastisements." The interest of the overseers was "to work the children to the utmost,

because their pay was in proportion to the quantity of work that they could exact. Cruelty was, of course, the consequence." Hutton, afterward the historian of Derby, for instance, was set to work in a silk-mill when he was so short that he was placed on stilts to reach his work. His master's cane was so freely employed to keep up his attention during the long hours that his life was in danger from the gangrened wounds. "Children were harassed to the brink of death by excess of labor: in many cases they were starved to the bone, while flogged to their work; and in some instances they were driven to commit suicide."<sup>1</sup> The story of the sufferings of Robert Blincoe, in a cotton-mill at Nottingham, is appalling to the last degree: it is given in painful detail in Mr. Cooke Taylor's excellent work to which I will refer my readers (pp. 189-198.)

The condition of the adult operatives in the textile factories was such as to threaten a permanent lowering of the public health and the national vitality. Dr. James P. Kay (afterwards Sir James Kay-Shuttleworth), in a pamphlet published in 1832, forcibly described the daily life of the Manchester operative. He rose at five o'clock in the morning, worked in the mill from six till eight, and then returned home for half an hour or forty minutes to breakfast. This consisted of tea or coffee with a little bread. He then went to work until twelve o'clock. At the dinner hour the meal, for the inferior workmen, consisted of boiled potatoes, with melted lard or

<sup>1</sup> *The Curse of the Factory System*, by John Fielden, M. P. (1836), as quoted in R. W. Cooke Taylor's *Modern Factory System* (pp. 187-189, Kegan Paul & Co., London, 1891).

butter poured over them, and sometimes a few pieces of fried fat bacon. In the case of those with greater incomes, there was a larger proportion of animal food, but the quantity was small. Work went on again from one o'clock to seven or later, and the last meal of the day was tea, often mingled with spirits, accompanied by a little bread. "The population nourished on this aliment is crowded into one dense mass, in cottages separated by narrow, unpaved, and almost pestilential streets, in an atmosphere loaded with the smoke and exhalations of a large manufacturing city. The operatives are congregated in rooms and workshops during twelve hours in the day, in an enervating heated atmosphere, which is frequently loaded with dust of filaments of cotton, or impure from constant respirations or from other causes." The workers in the mills, as depicted by Mr. Gaskell were "low in stature, with slender limbs, playing badly and ungracefully. There was a very general bowing of the legs. Great numbers of girls and women walk lamely or awkwardly, with raised chests and spinal flexures. Nearly all have flat feet, accompanied with a down tread. . . . Hair thin and straight — many of the men having but little beard and that in patches of few hairs. . . . A spiritless and dejected air."

Against such distresses and inhumanities the philanthropists and the doctors of medicine gradually rallied public opinion, and the factory legislation of Great Britain began to take effective shape. The future of the country could not be trusted in the hands of the short-sighted and narrowly selfish manufacturers. The ruinous results which their cupidity would have surely brought upon the nation were averted by a

gradual succession of Acts of Parliament that restrained the greed of heartless employers and encouraged the more generously inclined to follow their natural impulses of humanity without fear of being distanced by unscrupulous rivals. A shining example of what the employers might do had been given them in the work of Robert Owen. He is often called "the father of English Communism," or socialism, but his best title to remembrance is as the manager of the New Lanark Mills and the real founder of infant schools in Great Britain. His story has the interest that always attaches to the life of a man of great natural ability making his way from a humble beginning to noble achievements, and mindful, from first to last, of the obligations of his nobility to his less gifted, less fortunate fellow-men.

Robert Owen began atmospheric existence (in Dr. Holmes' phrase) May 14, 1771, at Newtown, then an attractive place with a population of one thousand, in Montgomeryshire, Wales.<sup>1</sup> His father was a saddler and iron-monger; his mother, a beautiful woman, was a farmer's daughter, and "for her class," says her son, "superior in mind and manner." Robert Owen, the father, was postmaster of Newtown, holding a life tenure, and he also had the general management of the parish affairs. The young Robert was sent to school when he was between four and five. His anxiety to be first at school and first home came near costing him his life when he was about five years old. Running home one morning, he found his usual basin of "flummery" (a Welsh equivalent of oatmeal

<sup>1</sup> The principal authority for the facts of Owen's life is his autobiography, published in 1857: I have quoted it freely.

porridge) awaiting him. Supposing it to be cool, he took a hasty spoonful. As it was, in fact, scalding hot, he fainted instantly: his stomach was scalded, and he remained in the faint so long that he was thought to be dead. It was a considerable time before he revived, and ever after he could digest only the simplest food taken in small quantities. Owen was thus naturally led to observe the effects of various foods on his debilitated stomach, and he attributes his "habit of close observation and of continual reflection" to this misfortune. However this may have been, it is probably true, as he always thought, that the accident "had a great influence" in forming his character.

By the age of seven, the boy had learned all that Mr. Thickness, his teacher, could impart, — reading fluently, writing legibly, and having an acquaintance with the first four rules of arithmetic. He remained in the school two years longer as "usher," learning thus early to teach what he knew. He had a passion for books, and read nearly everything which the libraries of the clergyman, the physician and the lawyer — "the learned men of the town" — contained. Beside "Robinson Crusoe," the "Pilgrim's Progress," "Paradise Lost," and Young's "Night Thoughts," for instance, the eager boy read Richardson's novels and the other standard fiction of the time, believing every word to be true, and generally finishing a volume a day. Travel, history, biography, — nothing came amiss, but Robert's chief inclination between eight and nine was for religious literature. As he read "religious works of all parties," he was surprised "first at the opposition between the different sects of Christians, afterwards at

the deadly hatred between the Jews, Christians, Mahomedans, Hindoos, Chinese, etc., etc., and between these and what they called Pagans and Infidels." The benevolent little philosopher began to have his doubts "respecting the truth of any one of these divisions." He wrote three sermons, which he kept until he found three in Sterne's works very much like them "in idea and turn of mind." "The little parson," as he was called, had a very honest dread of lying under suspicion of plagiarism, and he at once threw these first and last sermons into the fire; but the preaching habit was one that he always retained. The result of all his reading made him feel strongly at ten years of age that "there must be something fundamentally wrong in all religions as they had been taught up to that period."

The boy was obliged to be an ascetic in diet, but he excelled in games and manly exercises, was fond of dancing and music, and took a pleasure "in observing nature in its every variety," which grew with his strength.

Robert Owen's business life began at nine; he assisted Mr. Moore, a grocer, draper and haberdasher, for a year, but lived at home. His horizon had been so widened, however, by his reading that he wished to go up to London; and at ten he got permission from his father to try his fortune in the great city. Knowing every person in Newtown, the little man called on them all to take leave; the presents which he received amounted to forty shillings. His coach fare from Shrewsbury was paid for him. His brother William, a saddler on High Holborn, who had married his former employer's widow, received

Robert affectionately. Six weeks later a London friend of his father procured for him a situation with Mr. James McGuffog, a successful draper in Stamford, Lincolnshire. He was to have board, lodging and washing the first year, and, in addition, a salary of eight pounds the second year, and ten pounds the third. Robert was thus independent from his tenth year. His new master was an excellent man of business, honest, systematic and kind; he had a large circle of wealthy and titled customers. Mr. and Mrs. McGuffog were, in fact, "quite the aristocracy of retail tradespeople, without the usual weak vanities of the class." Robert was thus made in some degree acquainted with "what is called the great world," and became "familiar with the finest fabrics of a great variety of manufactures" which such persons demanded.

During his four years at Stamford, young Owen read, upon the average, five hours a day, using Mr. McGuffog's well-selected library. Burleigh Park, near by, was his summer study in the early morning and the evening; pondering there over Seneca's moral precepts, which he had copied into a pocket-book, was one of his pleasurable occupations. He had before him a striking example of theological diversity in religious unity, as Mr. McGuffog belonged to the Church of Scotland, and Mrs. McGuffog to that of England. Both attended in the morning the service of the one, and in the afternoon the service of the other. Robert, who went with both, listened carefully to the polemic sermons, but he never witnessed any "religious difference" between the worthy husband and wife. When he was twelve or thirteen years old, he was troubled by



the great disregard of the Sabbath in Stamford, and wrote a letter on the subject to Mr. Pitt, the Prime Minister. The innocent young Sabbatarian was naturally much pleased, ten days afterward, at seeing in the newspaper "a long proclamation from the government, recommending all parties to keep the Sabbath more strictly." He had no doubt that his letter produced the proclamation: certainly the coincidence amazed his employer.

Robert Owen returned to London at fifteen, and found a situation with an old established house on London Bridge, Flint & Palmer. The business was conducted on a cash basis, and was very prosperous, but its "customers were of an inferior class" to Mr. McGuffog's carriage people. The work was severe, and the dressing required before it began at eight o'clock A. M. was an elaborate matter. "Boy as I was then [1786], I had to wait my turn for the hair-dresser to powder and pomatum and curl my hair, for I had two large curls on each side, and a stiff pig-tail, and until all this was very nicely and systematically done, no one could think of appearing before a customer." Customers crowded the shop until ten o'clock in the evening, and three or four hours were required to arrange the goods for the next day.

Unable to support such a strain for a long time, young Owen accepted an offer of forty pounds a year and "keep" from Mr. Satterfield, a leading draper in Manchester, whose "customers were generally of the upper middle class,—the well-to-do manufacturers' and merchants' wives and families." Owen continued here until he was eighteen. The diversity of his apprenticeships gave him a wide opportunity for learn-

ing the draper's business, but his career as an employer was to be in another direction. He was to carry into cotton-spinning, however, the same industry, readiness and aptness which won the appreciation of his masters and their customers. Very mature for his years, he was to make prodigious strides in a short time, as a superintendent and partner.

Mr. Satterfield sold, among other things, wire bonnet-frames, made by a mechanic named Jones, a man of "some small inventive powers and a very active mind." A favorite topic of conversation between him and Owen was the "great and extraordinary discoveries that were beginning to be introduced into Manchester for spinning cotton by new and curious machinery." This was Crompton's "mule." Jones "succeeded in seeing these machines at work," and was confident that he could make as good. He proposed that Owen should advance the necessary capital — one hundred pounds — and receive one half of the profits of a partnership. Owen furnished this sum and gave notice to Mr. Satterfield. The new firm agreed with a builder to erect and rent them a large machine work-shop, with rooms for some cotton-spinners: forty men were soon at work making the machines. Owen was entirely ignorant of them, having never seen them at work, but "I looked very wisely at the men in their different departments, although I really knew nothing." Jones, he found, was simply a working mechanic, knowing little about bookkeeping, financial matters or the superintendence of men. Owen therefore undertook the accounts; he was the first to reach and the last to leave the manufactory; he observed everything in-

tently, and maintained rule and order in the establishment.

Having discovered the lack of business capacity in his partner, and not yet being confident of his own powers, Owen readily accepted an offer, made in a few months, from Jones and a small capitalist who had overrated Jones' business ability: he agreed to sell his share in the business for six mules, a reel and a "making-up" machine for packing the skeins of yarn into bundles. Jones and his new partner soon failed, and Owen actually received from them only three mules. With these he began the world on his own account: he took a large factory in Ancoats Lane and set three men at work in a small part of one of the large rooms. He bought "rovings" — the half-made material for thread — which the men spun, in the cop form. Owen himself made up the thread on the reel into hanks of one hundred and forty yards in length: he then made these into bundles of five pounds which he sold to Glasgow houses from whom it passed to muslin weavers. Owen averaged six pounds profit a week, letting the rest of his building so as to meet his whole rent. For rovings he paid twelve shillings per pound, and he sold the thread for twenty-two shillings a pound.

At this time, 1791, cotton-spinning was attracting the attention of capitalists, as a very lucrative investment. Mr. Drinkwater, a wealthy manufacturer and merchant of Manchester, had erected a mill for fine spinning: the manager on whom he was relying having left him, he advertised for a successor. Robert Owen applied for the situation. Mr. Drinkwater was surprised by his youth (Owen looked young for

his actual age), and by his reply to the question, "How often do you get drunk in the week?" Drunkenness was a common habit at this period, with almost all persons in Manchester and Lancashire. "'I was never drunk in my life,' I said, blushing scarlet at this unexpected question." Mr. Drinkwater was more surprised, however, at the sum — three hundred pounds — which Owen asked as salary: but Owen's books convinced him that the latter was making as much in his business, and he accepted the terms.

Owen entered the mill as manager without the slightest instruction or explanation from any one. "Five hundred men, women and children were busily occupied with machinery, much of which I had scarcely seen, and never in regular connection, to manufacture from the cotton to the finished thread." Sensitive but self-confident, he had applied for the place on the impulse of the moment, with no realizing sense of the demands of the situation. But the raw young Welshman, not yet twenty, had heroic stuff in him: he was a born manager of men, and he was to become the first cotton-spinner of his generation. It was for him "to purchase the raw material; to make the machines, for the mill was not nearly filled with machinery: to manufacture the cotton into yarn, to sell it, and to keep the accounts, pay the wages, and, in fact, to take the whole responsibility of the first fine cotton-spinning establishment by machinery that had ever been erected: . . . the new mill was considered almost one of the wonders of the mechanical and manufacturing world." Owen rose to the stupendous demands of this situation. "I at once determined to do the best I could. I looked

grave, — inspected everything very minutely, — examined the drawings and calculations of the machinery, as left by Mr. Lee, and these were of great use to me. I was with the first in the morning, and I locked up the premises at night, taking the keys with me. I continued this silent inspection and superintendence day by day for six weeks, saying merely ‘yes’ or ‘no’ to the questions of what was to be done or otherwise, and during that period I did not give one direct order about anything. But at the end of that time I felt myself so much master of my position as to be ready to give directions in every department. My previous habits had prepared me for great nicety and exactness of action, and for a degree of perfection in operations to which parties then employed in cotton-spinning were little accustomed. I soon perceived the defects in the various processes.”

Owen quickly improved the very indifferent quality of the thread then considered to be extraordinarily light in weight, one hundred and twenty hanks making a pound. He rearranged the factory, and kept it constantly in a state to be inspected by any one. His kindliness and executive talent gained the respect and good-will of the workpeople, and in six months “their order and discipline exceeded that of any other [factory] in or near Manchester; and for regularity and sobriety they were an example which none could then imitate.” Owen’s creed had by this time shaped itself into a very strong belief in the omnipotence of circumstances, or the environment, in forming character. The negative side of this creed — disbelief in all positive religions as special revelations of any value beyond the amount of universal

charity that they contained — did not become prominent for a number of years. The positive element was a very earnest philanthropy which never ceased to characterize Owen's practice, whatever were his limits in intellectual clearness of view and hospitality of culture. He treated his men as friends and co-workers, and their regard for him was constant.

Mr. Drinkwater realized that he had hit upon a man of great business ability in his youthful manager, and he agreed to give him four hundred pounds salary for the second year, five hundred for the third, and a quarter part of the profits in the fourth. Owen's name was now printed on the five-pound packages of yarn, to distinguish it from that made by the former manager, and it sold readily at high prices, ten per cent. above the list-price of the trade. He was now one of the best judges of raw material in the market (he was the first to discover the fine quality of American Sea Island cotton), and for forty years he was foremost in the manufacture. Within a year after he took charge of the Bank Top Mill, he increased the fineness of the finished thread from 120 to more than 300 hanks in the pound; 50 per cent. above the list-price was easily obtained for such thread. The cotton bought for five shillings a pound was made into thread that was sold to Scotch muslin manufacturers at £9 18s. 6d. a pound. The war with France reduced these high prices.

Owen, now a prominent man in Manchester, enjoyed the acquaintance of John Dalton, the future founder of the atomic theory, and other members of the Literary and Philosophical Society of the city. Coleridge, also, was a friend at this time. The connection

with Mr. Drinkwater was terminated in 1795. Mr. Samuel Oldknow, a noted manufacturer, was to become Mr. Drinkwater's son-in-law, and he wished to retain all the profits of the business in the family. Owen was asked to name his own salary, if he would resign the partnership: but he at once threw the agreement into the fire, and declined to remain as manager at any salary. It was not long before his high reputation as a manager brought about a partnership with two rich and long-established houses, — Borrodale and Atkinson of London, and the Messrs. Barton of Manchester, — under the name of the Chorlton Twist Company. Owen superintended the building of a large factory for its operations. The new company prospered, of course. Owen was buyer and seller for it, as well as manufacturer. Traveling in the North to extend its trade, he paid a visit to Glasgow in 1798, the result of which was a remarkable blending of business and love-making; it had a decisive influence on Owen's future as a practical philanthropist. His own detailed and animated account of the matter must be much mutilated here in the necessary abridgment.

Arrived in Glasgow, Owen soon met a Manchester friend, Miss Spear, in company with Miss Dale, the oldest daughter of David Dale, "then one of the most extraordinary men in the commercial world of Scotland — an extensive manufacturer, cotton-spinner, merchant, banker and preacher." He had the superintendence of some forty churches of an Independent sect, one of the tenets of which was an aversion to a "hired ministry;" and he preached every Sunday in Glasgow. Miss Dale, who was much taken with the

talented young Manchester manufacturer, offered him a letter of introduction to her uncle, one of the managers of her father's mills at New Lanark, some thirty miles above Glasgow, at the Falls of the Clyde; these were erected in 1784. After inspecting the four mills and the manufacturing village, Owen said to a traveling companion: "Of all places I have yet seen, I should prefer this in which to try an experiment I have long contemplated and have wished to have an opportunity to put into practice." This referred to plans for improving the condition of operatives in cotton-mills. Just before this, after parting with Owen for the first time, Miss Dale (as his friend, Miss Spear, afterward kindly told him at a critical moment) had said, "I do not know how it is — but if ever I marry, that is to be my husband!"

A second visit to Glasgow on business began "to create other feelings than those of mere business" in the young cotton-spinner's mind. Miss Spear's encouragement, and her judicious betrayal of Miss Dale's intimate speech, overcame the timidity which he felt when he thought of David Dale's eminent position and his religious cast. On a third visit, Miss Dale told him that her father (whom Owen had not yet seen) was wishing to sell the New Lanark establishment. Owen having declared his feelings ("I was now fairly in love, and deeply so"), she replied that she could not marry without Mr. Dale's consent, — "so good a man and so kind a father," — and she saw no prospect that this consent could be obtained.

Business, philanthropy and probably love most of all, suggested to Owen the happy thought of buying the New Lanark Mills. He could at least get ac-



quainted with Mr. Dale in making inquiries. Mr. Dale received him coldly, if not suspiciously. At his suggestion, Owen examined the mills again: on his return to Manchester, his partners listened favorably to his proposal to buy, and two of them went back to New Lanark with him. They were much pleased with what they saw, and went on to Glasgow. Mr. Dale had now been informed by his daughter of Owen's love for her, and had expressed himself vigorously about this "land louser" who pretended to want to buy New Lanark. He was surprised at Owen's speedy reappearance in the company of men whose high standing he knew, with an offer to open negotiations. The next day, after he had made some inquiries, he declared himself ready to sell, and accepted the price which Owen was asked by him to name as fair, — sixty thousand pounds, payable at the rate of three thousand a year for twenty years.

The New Lanark Twist Company was thus begun, in the summer of 1799, Owen being twenty-eight years of age. Mr. Dale still refused to think of him as a son-in-law: but Miss Dale had now resolved that she would never marry any one else. Common friends assisted in overcoming the father's objections before long: Owen became a decided favorite with him, and the marriage took place on the 30th of September. Three months later Owen assumed entire charge of the business in Scotland, entering "upon the government of New Lanark about the first of January, 1800."

"I say government," he writes in his autobiography, "for my intention was not to be a mere manager of cotton-mills, as such mills were at this time generally managed, but to introduce principles in the conduct of

the people which I had successfully commenced with the workpeople in Mr. Drinkwater's factory, and to change the conditions of the people."

Owen's success at New Lanark was immediate, signal and long-continued. The mills paid regular dividends and large profits, and his plans for the improvement of the character and condition of the operatives were completely justified by the result. New Lanark, as Owen reconstructed it, became famous the world over for many years ; it was his one entire success, which contrasted vividly with the uniform failure of his communistic and socialistic experiments in his later life. It is a bright and illustrious example of what a liberal-minded and prosperous employer can do for the elevation of those who work for him. The thoroughness of its success in a time when the industrial revolution had worked such lamentable results in the whole manufacturing world is a convincing testimony to the sterling philanthropy and the fundamental sagacity of Robert Owen's genius. It is an example that cannot be too carefully pondered by modern employers of labor on a large scale.

New Lanark, in 1800, had a population of some 1,300 persons in families. There were also 400 to 500 pauper children, placed there by the parish authorities of Edinburgh and Glasgow ; they appeared to be from five to ten years of age, but were said to be from seven to twelve. Mr. Dale, though unable to give personal attention to his mills, was an exceptionally kind-hearted employer ; and he had provided that the children should be well lodged, well fed and well clothed. The attempt to teach them to read and write, in the evening, was a failure, as they were then

exhausted by the long day's work: "none of them understood anything they attempted to read, and many of them fell asleep during the school hours." When their apprenticeship was over, these children returned to the cities whence they came, and many of them fell into vicious courses. At this time it was very difficult to induce any sober, respectable family to leave its home and enter the ordinary cotton-mill. The force of grown-up persons at New Lanark was intemperate and otherwise immoral, with very few exceptions. The brother of a chief manager was frequently off on a spree for weeks together. "Theft was very general, and was carried on to an enormous and ruinous extent, and Mr. Dale's property had been plundered in all directions, and had almost been considered public property."

Owen's thoroughgoing acceptance of the theory that circumstances make character naturally led him to choose the course of mildness, rather than of severity, in trying to alter the conditions of these ignorant and vicious workers, and he could await results in patience. The vast majority — idle, intemperate, dishonest, untruthful — were pretenders to religion. Owen's faith was in good works as the test of religious sincerity. He made no attack, however, upon the established creed, but aimed directly at improving the moral practice of the people. The old superintendents were too little in sympathy with his measures, and preferred to leave for situations elsewhere. Owen determined that all changes should be made gradually, and that the expense of them should be met from the profits. He decided that Mr. Dale's engagements with parishes respecting the children should run out ;

that no more pauper children should be received ; that the village houses and streets should be improved, and new and better houses be erected to receive new families, to supply the place of the pauper children. Each family had had but a single room, the houses being of one story : “ before each door it was not unusual to find a dunghill.” <sup>1</sup> Owen added a story to each house, giving two rooms to most of the families ; the dunghills were removed, and the renewal of the nuisance strictly forbidden. The streets were swept every day at the expense of the company.

Most of the families were too much used to disorder and dirt to heed Owen’s recommendations, and several public lectures on the subject were as unavailing. A general meeting of the villagers thereupon appointed a committee to visit each family weekly and report on the condition of the house. Most of the women went into “ a storm of rage and opposition,” locking their doors or styling the committee “ bug-hunters,” and the like. Owen quietly encouraged the committee to persevere, asking admittance as a favor only. The small minority who welcomed their visits received a gift of plants from his greenhouse, and a few friendly visits from Mrs. Owen aided the good work. “ Gradually the weekly reports of the committee became more full and more favorable.”

No one was ever dismissed from New Lanark except for habitual drunkenness. Spirits had been sold in all of the retail shops. Owen put an end to this nuisance by establishing superior stores and shops that could supply food, clothing and all other

<sup>1</sup> *Robert Owen at New Lanark*, by a Former Teacher, quoted by R. D. Owen in *Threading My Way*, p. 71.

things needed by the people. He bought for cash, in large quantities, and sold the best quality of everything at cost. The result was a saving of fully twenty-five per cent., to say nothing of the gain in quality. The improved health, better dress, and more comfortable houses testified to the efficacy of this indirect method of combating intemperance. With such a class of people, violently prejudiced against the "foreign" manager, who spoke a very different language from their lowland Scotch and highland Erse, it was to be expected that there should be systematic opposition to every change that Owen proposed. His philosophy stood him in good stead in his efforts to gain their confidence. This was not fully gained, however, until the year 1807, when the United States embargo placed the British cotton-manufacturers in a dilemma. Most of them shut down and discharged their employees. Others continued to work up the material at a high price, running the risk of a great reduction in the price of material and stock on the removal of the embargo. With his large works Owen concluded that it would be very hazardous to continue spinning, and it seemed to him cruel and unjust to discharge the force. He therefore stopped all the machinery and retained the employees at full wages, in return for which they simply kept the machinery clean and in good order. In the four months before the end of the embargo the New Lanark workers received more than £7,000 for their unemployed time. "This proceeding won the confidence and the hearts of the whole population, and henceforward I had no obstructions from them in my progress of reform."

Owen went on with confidence and at fuller speed to improve the moral character of his people. He counteracted their temptation to thieving by devices which rendered it impracticable without almost immediate detection. Daily returns were made to him of the preceding day's business, and frequent balances. The most efficient check on bad conduct, he thought, was his "silent monitor." This was "a four-sided piece of wood, about two inches long and one broad, each side colored,—one side black, another blue, the third yellow, and the fourth white, tapered at the top, and finished with wire eyes, to hang upon a hook, with either side to the front." One of these was hung near each employee, and the color at the front showed his conduct during the previous day. Bad was denoted by black, No. 4: indifferent, by blue, No. 3: good by yellow, No. 2: and excellent by white, No. 1. "Books of character" kept a two-months' record for each worker. Right of complaint was reserved to him if he thought injustice had been done him by the superintendent of the department who regulated the "monitor:" but the right was very rarely exercised. The result surpassed all expectation. "At the commencement . . . the great majority were black, many blue, and a few yellow: gradually the black diminished, and were succeeded by the blue, and the blue was gradually succeeded by the yellow, and some, but at first very few, were white."

Owen proposed in his Bill for regulating the hours of work in mills and factories, which he pressed upon Parliament in 1815, that the regular hours in mills of machinery should be limited to twelve per day, in-

cluding one hour and a half for meals ; that children should not be employed in such mills until ten years old, and not more than six hours a day until twelve years old : and that no children should be admitted into any manufactory “ until they can read and write in a useful manner, understand the first four rules of arithmetic, and the girls be likewise competent to sew their common garments of clothing.” This was substantially Owen’s procedure at New Lanark. He was thus practically the pioneer of the ten hour day. Such a limitation of hours and such care for the children in the mills, “ when influenced by no narrow mistaken notions of immediate self-interest, but considered solely in a national view, will,” he rightly said, “ be found to be beneficial to the child, to the parent, to the employer, and to the country.”

Owen’s faith in education was of the strongest, and his active and ingenious mind soon showed him that the education of the children of factory operatives could be begun much earlier than usual, to the great advantage of themselves and their parents. The homes of the poor are “ altogether unfit for the training of young children, with their limited space and accommodation . . . and in ninety-nine cases out of a hundred, parents are altogether ignorant of the right method of treating children, and their own children especially.” An infant school was the logical result of such reasoning, a school where character could be formed from a very early period under the most favorable conditions. In 1809 Owen began work on the foundations of the building for such a school, which would cost, he estimated, about five thousand pounds : the subsequent annual outlay would be con-

siderable. The "improved character of the children and the improved condition of the parents" would amply repay such an expenditure. But, naturally, at this period in the infancy of manufacturing, when the main chance, a good return for capital, was foremost in the minds of employers, Owen's partners did not take this long and wise view of a problem that was to endure for generations. As he insisted on managing the establishment on principles which appeared to him to be true, and through the practice which he understood (in his own words), and which hitherto had always been successful by confession of all interested, they accepted Owen's offer of eighty-four thousand pounds for their share of the business and withdrew. The firm had been in existence ten years ; after five per cent. interest had been paid, the profits were sixty thousand pounds.

Owen would naturally have associated himself with his father-in-law, as he was obliged to seek new partners. But Mr. Dale had passed away, universally regretted, and by no one more than by Owen, for they had become very warmly attached to each other. Mr. Dale had such an admiration for the improvements which his son-in-law had wrought at New Lanark that he declared publicly that he never would have parted with the mills had they been in any such condition in 1799. Each of the two men had a thorough respect for the genuine manliness, sincerity and kindliness of the other. "He was the only religious man I ever knew," said Owen, "who possessed real charity for those who so differed from him." In the earlier months of their friendship, the two often discussed religious and theological subjects, with entire good nature.



Mr. Dale would close with the kindly remark, which he doubtless knew applied also to himself, "Thou needest be very right, Robert, for thou art very positive."

The "New Lanark Company," the new firm now organized, consisted of five partners, Owen holding the largest share of the capital. Two of the others were sons-in-law of Mr. Campbell of Zura, a near relative of Mrs. Owen. Discovering that Mr. Campbell, some time before, had deposited twenty thousand pounds with Owen in his business, they conceived a great enmity to him, and objected to all his most characteristic plans—to the improvements for the comfort of the villagers, to the liberal scale of wages and salaries, and especially to the school buildings. The result of the disagreement was a dissolution of the partnership, the other four partners insisting on a sale of the works by auction. They industriously circulated reports to the effect that Owen's management had so lowered the value of the property that they would be only too happy to get forty thousand pounds for it. Their plain object was to depreciate the property before the sale and bid it in far below its value. When questioned, they acknowledged that their only objection was to Owen's "visionary schemes of education and improvement and to the scale of wages." "They imagined an ignorant economy to be better than an enlightened and liberal treatment of the people and of our customers."

The story of the manner in which Owen, now "completely tired of partners who were merely trained to buy cheap and sell dear," caused these deceitful associates to be "hoist with their own petard" is very

dramatic : it must be shortened here to the most necessary particulars. Owen went up to London in 1813 to see to the printing of his four essays on the formation of character. At the same time he published for private circulation a pamphlet, describing his establishment and his methods of conducting it in the interests of "philanthropy and five per cent.," as a later generation would have put it. Three wealthy Friends — John Walker, Joseph Foster and William Allen — took, between them, five shares of ten thousand pounds each in the proposed new association out of the whole thirteen (Owen holding five) : the other subscribers were Jeremy Bentham (it was the only successful business enterprise, said Sir John Bowring, his editor, in which Bentham was ever engaged), Joseph Fox, and Michael Gibbs, afterward Lord Mayor of London. The contract ran that all surplus gain over five per cent. should be "freely expended for the education of the children and the improvement of the work-people at New Lanark, and for the general improvement of the condition of the persons employed in manufactories." Owen's actual partners, ignorant of these protective measures taken by him, invited a large party of their business friends to dine with them after the auction, feeling sure of purchasing the property themselves. Owen forced them, in common decency, to fix the upset price at £60,000. (He was empowered by his new partners to bid £120,000, if necessary.) At the sale Owen's solicitor bid steadily £100 higher than the four partners, and the property was knocked down to him at £114,100. The dinner, quite naturally, passed almost in silence, as "the spirits of the principals were below zero." On the

other hand, Owen and three of his new partners, who had come to Glasgow incognito, had a triumphal progress to New Lanark. The inhabitants of the old and the new towns turned out *en masse*, and drew the carriage containing the four gentlemen through both places. The discomfiture of Owen's former partners was completed when the balance sheet of the four years' connection showed a net profit, after allowing five per cent. interest, of £160,000!

Owen now pushed to completion his "institution for the formation of character," which was opened January 1, 1816. This was the first infant school in Great Britain, and the sagacity with which its founder developed its methods gives him a high place among educational reformers. Children were received almost as early as they could walk. Three shillings a year was the fee charged, though the actual expense of the education given was about two pounds. Owen considered the difference "amply made up by the improved character of the whole population, upon whom the school had a powerful influence for good." No punishment was allowed, and the young children were instructed after the object-method — by means of things themselves, or of models or paintings — and by familiar conversation. They learned to dance and sing from two years of age up, and military drill was an important feature of the course later on. The children were kept as much as possible in the open air: in severe weather they played in rooms reserved for the purpose. The large hall, also used as a chapel, was the general schoolroom for the upper, third, grade, where the children over six were taught reading, writing, arithmetic, sewing and knitting, until

they were ten ; no child could enter the works before that age. In summer, excursions for the study of Nature were frequent. After school hours for the children, the buildings were made comfortable for the workpeople who wished to attend evening school for two hours : that his employees might “ learn any of the useful arts ” was Owen’s comprehensive aim, as stated in his opening address. Three rooms were set apart as a kind of club-house for the employees : two evenings were appointed for dancing and music : occasional lectures were given to the older people on practical morals.

Concurrently with these philanthropies which concerned the “ living machinery,” usually so much neglected by the mill-owner, Owen brought the whole physical machinery of the establishment into the best condition. Though his plans for the improvement of his workpeople had the greatest interest for him, he never ceased, while at New Lanark, to be one of the great cotton-spinners of Britain. On his travels, he visited hundreds of factories with a mind equally set upon business improvement and philanthropy. The old and ill-arranged machinery at home was replaced, and the new rearranged. Owen devised a system of elevators : his colored “ telegraphs ” or monitors did effective service,<sup>1</sup> and the four superintendents of departments were admirably faithful and capable subordinates. The mills, the village with the 150 acres of land around it, and the schools, all ran in unison “ with the regularity of clock-work.” The cashier of the

<sup>1</sup> Mr. Sargant thinks that this, the most “ paternal ” feature of Owen’s system, was probably a source of amusement to the employees, who were willing to humor him.

Bank of England, visiting New Lanark, thought that what he saw must be the result of some generations, and he was astonished to learn that the "high perfection of systematic order" which he beheld was due to one man's sixteen years of determined effort. Whenever the head was absent, daily reports of the business were sent him in great detail.

Owen had now become a famous man. His "Essays" and his New Lanark institutions gave him a world-wide repute. Bishops, statesmen, political economists and philanthropists read the "Essays" and discussed their ideas with the author on terms of respect and esteem. Owen's disinterested efforts to procure legislation for shorter hours of work and for the regulation of child-labor took him a great deal to London. New Lanark itself became a potent centre of attraction, especially after its schools were fully developed. Two thousand visitors a year came to see for themselves this "Happy Valley" with its model community and its remarkable schools. The Grand Duke Nicholas, afterward the Emperor of Russia, was the most notable of these visitors; but princes, ambassadors and nobles, bishops and clergy, learned men of the various professions, and travelers for pleasure or knowledge, — all these in great numbers availed themselves of Owen's generous hospitality and his cheerful exhibition of his entire establishment. A lady of the highest rank of the nobility said with tears in her eyes, after visiting the schools, "Mr. Owen, I would give any money if my children could be made like these." The Duke of Kent, the father of Queen Victoria, was Owen's warm and constant friend: his sudden death, in 1820, took place not long before he

was to make a visit of three months at New Lanark, with his wife and daughter.

New Lanark, under Owen's control, continued for some thirty years altogether to show the excellent results of his wise philanthropy. The result, from a financial point of view, was that none of the partners accumulated an immense fortune from the investment, but all received a good rate of interest on their capital. "In the first thirty years of this century, the clear profits, after paying the £7,000 of gratuities in 1806, and the expenses of benevolence, amounted to £10,000 a year; but we are not told how much of this accrued before, and how much after 1814."<sup>1</sup> This was an average of more than  $7\frac{1}{2}$  per cent. on the capital of £130,000 which Owen and his third set of partners had invested in the business.

These partners at no time complained of any reduction in their possible profits caused by Owen's methods. There was more or less friction between him and William Allen for a long time, however, due largely to Allen's bigoted opposition to the teaching of music and dancing. In 1824 Allen so far prevailed that it was agreed that the company should no longer provide a dancing-master, and that nothing in the way of music or singing should be taught except psalmody. The genuine benevolence of Owen's partners was shown in other articles of their agreement, which provided for more houses, an ampler supply of water, a washing apparatus, an asylum for the sick and the aged, and a savings-bank. "The public kitchen was to be completed. This was a building 150 feet by 40, with kitchens and storerooms on the ground floor, and

<sup>1</sup> *Robert Owen and His Philosophy*, by W. L. Sargant, p. 217.

a large eating-room above; at one end was a gallery for an orchestra: a library, with lobbies, occupied the centre, and a lecture and concert room of the same size were at the other end of the building." The intention was to "furnish a dinner at a fixed price to all who chose to come:" it was stated that four or five thousand pounds a year were saved to the people by this institution.

Owen himself, during the preceding years, had been becoming more and more of a socialist: he had occupied himself largely with long-continued attempts to procure factory legislation in the interest of the working-people, and his self-confidence, always sufficient probably, had now become enormous. He generalized hastily from his favorable experience at New Lanark to the sure success of a universal system of communities based on socialistic principles. These were not, in fact, the product of a rational evolution, like the Scotch village. The failure of several socialist communities, including New Harmony, in Indiana, could not discourage Owen, however. His interest in these doubtful schemes of general social regeneration, with their loose hold upon reality, had probably distracted his attention largely from New Lanark, as the agreement of 1824 would seem to indicate. In 1829 he retired from the business to devote himself largely for the twenty-eight remaining years of his long and unselfish life to a picturesque but uniformly unsuccessful socialistic experimentation. His ardor and generosity were as great as ever, but the fatal mark of impracticability was on almost all his humane endeavors.

Owen tells us, to return to New Lanark, that the

hours of work were increased and the wages reduced, at once, by his successors. Wages were not high, as compared with those paid in England, but they had not been reduced for twenty-five years, not even in the distressful year 1819. In that year one of the mills was burned, but work was found for the operatives employed in it, and none were turned away. In 1854 Owen could praise the management of his successor, and say that "the village had not become a mere money-getting place."

Owen's life, after his connection with New Lanark closed, does not concern us here. That fine establishment was not conducted on socialistic lines. The one principle governing it was that the proprietors were satisfied to receive a moderate return on their capital (five per cent., according to the contract, and more than that, in fact, as the mills were prosperous), in addition to the salary of one thousand pounds paid to the manager. A large part, if not the whole, of the remaining profits they wished to see go to the benefit of the workpeople in the form of what in later years would be styled "collective profit sharing." The result has always been considered one of the most cheering records in the history of English labor. What the partners resigned of possible profits built up the institutions which we have described, and made New Lanark for thirty years a model manufacturing village. Few will be found to doubt to-day that this distribution of the earnings of the enterprise promoted the general welfare far more effectually than the usual method followed outside of New Lanark. From this point of view it may well seem a misfortune that Robert Owen did not confine himself to the thorough



development of the plans which occupied him at home until 1815, and the advocacy of their general extension to other manufactures. The influence of such an example, unconnected in the public mind with impracticable schemes of socialism, might in time have been very great.

However this may be, Robert Owen, in this earlier part of his life, was a generous, sagacious and devoted employer of labor, who struck out a path in which thousands of other employers would do wisely and well to follow him. Devising such fruitful measures in the early years of the factory system, he is, and will always remain, a master-type of the far-seeing and philanthropic captains of industry.

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## PART II

### AN INDIRECT DIVIDEND TO LABOR

#### CHAPTER IV

##### WELFARE-INSTITUTIONS IN GERMANY

AFTER the convenient fashion of their language, the Germans name the various arrangements and institutions which an employer devises for the protection and comfort of his workpeople *Wohlfahrtseinrichtungen*. Dr. Post's two large volumes on such methods and institutions bear the explanatory title, "Examples of personal care for their workers by employers." France and Germany are the two modern countries in which such interest has been most frequently and thoroughly shown.

The political history and constitution of Germany and certain traits of the national character have favored the large manifestation among employers of the patriarchal spirit which looks upon a body of workpeople as a family and the head of the industry as a true *hausvater*. The stability of industrial relations tends greatly to increase this family feeling, which in itself springs from some of the best qualities of the Teutonic character. The independent spirit of democracy and the socialistic trend, so closely connected with it in Germany, have indeed much weakened the older feelings of respect and affection with

which the German workman often regarded his employer, and "paternalism" is coming to be viewed by him with a jealous eye. The change has not, however, gone so far as to take from Germany her high rank in this direction.

I shall write of these welfare-institutions descriptively, showing them as they are, with no intention of recommending them in their entirety as models for imitation by an English or American employer. Paternalism, in any rightfully objectionable sense of the word, has more reference to some of the methods of administering an insurance or pension fund, for instance, than to such a fund in itself. Nearly if not quite all of the institutions devised by German employers could be profitably adapted to Anglo-Saxon uses by giving the workman a larger share, if not the whole of the after control of them when once created.<sup>1</sup> Viewed in this light, the most paternal industrial institutions of Germany are highly deserving of consideration by other countries. To many cases of interest in themselves I do not, however, allude: but the scale on which a business is conducted has not influenced the choice of instances: I have sought variety in unity.

The greatest establishment which industrial Germany has to show is perhaps also the "largest in the world" (to use a phrase dear to American lips), at least in its own line of work. The cast-steel works of the firm Fried. Krupp at Essen-on-Ruhr — with the affiliated steel works at Annen and Buckau, the four blast furnace plants near Duisberg, Neuwied, Engers, and Rheinhausen, the iron works near Sayn,

<sup>1</sup> This is notably the tendency in France.

the numerous coal and iron mines in Germany and Spain, the clay and sand pits and the quarries, the three ocean steamers, and the latest acquisition of the firm, the Germania Shipbuilding and Engineering Company of Berlin and Kiel—employed in 1898 the immense number of 40,253 persons.<sup>1</sup>

The Essen works, a city in themselves, manufacture crucible steel, Martin (open hearth) steel and castings of these two kinds; puddled steel (Milano-and-Bamboo steel); Bessemer steel; various alloys of steel with tungsten, nickel, chrome and molybdenum; cast-iron, wrought-iron and bronze. The specialty of the works in manufactured articles is, as all the world knows, war material for land and sea. Cannon of all kinds and all calibres, single or in complete batteries; projectiles of many varieties: rifle barrels and armor plates are the principal output. The industrial material manufactured embraces a large variety of iron and steel work for railways, from the rails themselves up to complete portable plants; plates, cylinders, propellers and other structural parts for ships: parts of all kinds of engines: sheet and roll steel, and sheet iron, and other articles “too numerous to mention.”

Passing by the 1,600 furnaces, the 113 steam hammers, the 458 steam-engines, and the 467 cranes, with the  $37\frac{1}{2}$  miles of driving belts of the colossal establishment at Essen, one may mention that, in the

<sup>1</sup> These figures are taken from the little pamphlet of Statistical Data issued by the firm for private circulation, and revised since the General Census of July 1, 1898. At Essen there were employed 23,397 persons: at Buckau, 3,582: at the Germania Works, 2,651: in the mines, the iron works, the proving ground near Meppen and elsewhere, 10,023.

year 1895-96, 752,505 tons of coal and coke were consumed, the output of the firm's own collieries averaging some 3,500 tons per day, and about 1,400 tons of iron ore being smelted each day from their own mines: about as much water was used in 1894-95 as by the city of Dresden, and more gas than by Düsseldorf. The works' railway system includes over 34 miles of standard gauge track with 590 cars, and some 26 miles of narrow gauge with 709 cars. An elaborate fire department extinguished in the years 1886-1890 no less than 768 fires. Of the 871 acres belonging to Fried. Krupp in Essen and the surrounding parishes, over 126 were built upon.

The welfare-institutions of the Fried. Krupp firm are on a scale corresponding to the magnitude of its products. They are described in a volume published by the firm: the description and the various bodies of rules and regulations fill nearly three hundred octavo pages. It is a book as unique as the famous 5,000 ton hydraulic press at Essen. It naturally begins with the large provision that the firm has made for housing thousands of its employees.<sup>1</sup> To assist them in acquiring homes of their own, Herr F. A. Krupp established in 1889 a loan fund of 500,000 m. (\$119,000). An employee earning less than 3,000 m. (\$714) could borrow money to build a home of his own at three per cent. interest; the loan must be repaid in not more than twenty-five annual installments which were not much larger than the usual rent.

<sup>1</sup> See, beside Dr. Post's volume, the admirable and exhaustive "Report on the Housing of the Working People" of numerous countries made by Dr. E. R. L. Gould to the U. S. Commissioner of Labor (Eighth Special Report, 1895), pp. 384-387.

The firm furnished the services of the architect free. In the first four years of the operation of this fund seventy houses were thus acquired.

The building and renting of houses by the firm is a matter of much greater size. In 1894, out of the whole number of people employed at the Essen works, and their families (94,752 persons), there were living in houses owned by the firm (3,659 in 1891), 25,828 persons. The firm began to build on a considerable scale in 1872: the six separate settlements, in the neighborhood of Essen, are called colonies. The largest of these is Kronenberg, with a population of 7,856 in 1892. The 52 acres of this colony are occupied by 226 neat three-story houses in barrack style, of stone and brick, with a church, school-buildings, post-office, stores, market-place, a library, a large hall, and smaller assembly rooms, and a central park. The streets are well shaded with trees and the houses have patches for gardening and clothes-drying. Other colonies are not so well provided, but the Colony Altenhof, for invalid and retired workmen, presents a very attractive appearance. The firm is content with a net income of a little over two per cent. on its investment of some three millions of dollars in this direction. "The rented houses are extremely popular," says Dr. Gould, and a seniority of ten years' service is usually required of a tenant, because of the many applications: the regulations are strict: water and gas are supplied to every house. The Freistadt Barracks is a massive building erected by the firm as a lodging-house for 1,200 men, and provided with a restaurant and reading-room: a smaller house accommodates eighty persons. The management is of military strictness.

The Krupp firm supports fifty-one stores in Essen and the colonies, at which supplies of all things needed by its employees for housekeeping and personal use can be obtained for cash: the articles kept are invariably of good quality. The administration of these stores is in the hands of the firm, but the advantages to the workmen in the quality and cheapness of goods are those usually gained by the co-operative store; the profits come back to them in the shape of a rebate at the end of the year. The Central Store is a large three-story building, stocked with a great variety of goods. Besides this there are two slaughter-houses, a flour-mill, two bakeries, an ice factory, a laundry, two tailor shops, a brush factory,<sup>1</sup> a paper bag factory, and a shoe factory, with seven restaurants and two coffee-houses.

The restaurants have gardens connected with them, and some have bowling alleys. The restaurant in the Kronenberg colony has appertaining to it the large hall already mentioned, seating about 1,500 persons. It is used by the different Vereins of the workmen for their business meetings and their festivals. In the winter months the company of the Essen Stadt-Theatre gives a play once a fortnight. The consumption of beer in 1890 was 1,424,539 l.

The general sanitary conditions of the Essen works are under the superintendence of the chief physician of the Hospital. He keeps the mortality records for the large population, and on the basis of these makes his recommendations of special measures to the Sanitary Commission composed of doctors and overseers

<sup>1</sup> The management employs half-invalids as much as possible in making objects for sale, like brushes.

belonging to the works. In 1890 one workman out of a hundred died. For the disposal of household sewage the barrel system is in use, and the disinfecting apparatus is ample. Some kind of facilities for bathing is provided by the firm in nearly all its different works. At Essen a bath-house was erected in 1874 containing seven bath-rooms, each having a tub, supplied with hot and cold water, and a steam-bath for six persons; the price of a tub-bath is ten to fifteen pfennige, of a steam-bath one mark: the families of workmen can enjoy this privilege. Shower-baths were introduced later, with success. At the two Hannover mines a bath-house with twenty-eight shower-baths was built in 1890 at an expense of 20,000 m.; at this some 1,100 miners can have a free bath each day. At Essen warm baths were taken by 4,231 well persons and 2,260 sick persons in the year ending June 30, 1891.

The Essen Steel Works had a sick and burial fund, after 1853, which developed a pension fund: this had to be severed from it in 1885. The Sick Fund is much more liberal in its aid than such institutions usually are: men who have served over five years may remain twenty-six weeks on the list. The firm contracts with sixteen physicians: the patient may choose his own doctor: a physician examines each employee on his entrance to the works. Helpers are always ready, day or night, with the needful apparatus for cases of accident. A fund for the relief of sickness at home was endowed with 6,000 m. in 1879, and replaced later with a yearly contribution of 3,000 m., and the interest on a later endowment of 40,000 m. Two "Controllers" have the supervision of the sick at home, visiting them and giving necessary assistance.



Every member of the Sick Fund, by contributing 5 m. a year, secures the service of a physician for such members of his family as are not legally entitled to belong to the fund. The Arbeiterstiftung (to be described soon) advances some 1,200 m. a year for this purpose. The firm supplies the service of a specialist for diseases of women, free of cost: medicines are furnished to women and children at a reduced rate.

The Krupp Hospital at Essen served originally as barracks for the care of the wounded in the Franco-Prussian war of 1870: they were given for hospital purposes for the firm's employees in 1872. In 1881 two new pavilions for women and children were added to the older three for men: each pavilion contains thirty beds. From May 1, 1872, to June 30, 1891, there were treated 14,134 workpeople; in the year ending July 1, 1890, there was an average of eighty-five patients under treatment. In its other works the firm has no special hospitals, but it contributes to the hospitals of the neighboring community. For epidemic outbreaks the firm is prepared with a special hospital (*Lazareth*) of six barracks lying north of Essen, and a smaller one at Altendorf, south of that city.

When the pension and sick funds of the Krupp firm were separated in 1883, the new Pension Fund received the entire capital of the double fund except 10,000 m. allotted to the new sick fund. The firm contributed, annually, half as much as the sum coming from the employees, until 1891: since then it has contributed as much as they do. In 1890, 312 men, 357 widows, and 35 orphans, and 15 men on a half-pension received 240,810 m. The balance of the fund from the preceding year was 2,208,851 m. The yearly

contribution of the firm is now some 240,000 m. The number of persons in 1891 who had reached the age qualifying one to receive a pension was more than 3,000. The size of the pension for an employee earning 1,200 m., paid by the works and the State, varies from 600 m. after 20 years of service to 1,030 m. after 40 years.

In 1890 Herr F. A. Krupp founded a similar fund for the officials (*Beamte*) of the firm, with a gift of 500,000 m. All employees are qualified who receive more than 2,000 m. a year; the fund had increased to 1,450,000 m. by the 1st of July, 1891. The firm determined in 1890 to insure the same class of persons against accidents: the law of 1884 did not apply to them. In case of death resulting from the accident, the family of the deceased receives his full pay for the month in which he died, and for the two months following, and a certain percentage for the widow and for each child thereafter, which, altogether, may not exceed sixty per cent. of the salary paid. In case of permanent injury resulting, the insured receives full pay while he is recovering, and after recovery an allowance which may run as high as two thirds, according to the nature of the injury. In order that no class of old people might suffer from the lack of application of the letter of the pension-fund regulation of 1884, the firm pays sums in lieu of pensions to widows whose husbands died in consequence of an accident while at work before the accident-insurance law took effect, and to men who had become incapacitated for work before the same date. This form of aid required, in 1890, 50,732 m.

In 1877 a life-insurance association was founded:

Herr A. Krupp presented to it 50,000 m., and later 4,000 m. more: the firm contributes, every quarter, a sum equal to half the premiums paid. On account of agreements made by the firm with eight life-insurance companies, peculiar advantages are secured to the person insured: the choice of the company is left to him. The firm takes pains to inform all employees concerning insurance, and it does all the bookkeeping for the association, which thus has no running expenses. At the end of 1890 the entire amount insured was 3,628,878 m., in 2,190 policies, and 564 policies had fallen due and been paid since the formation of the association, amounting to 711,564 m.

A foundation that has for its general object the supplementing of the other philanthropies of the establishment by gifts in case of special need is another admirable feature at the Essen works. How it supplies that flexibility and adaptation to individual circumstances too often lacking where charity is abundant but mechanical will appear from the regulations. These specify seven distinct classes of persons who may be relieved from this *Arbeiterstiftung*. For instance, in case of long and severe sickness of a workman, if the relief from the sick fund appears to be insufficient, the management (of whose five members two are workmen) will supply what is needed. Pensioners who need medicines and medical attendance are another class to whom help from the *Stiftung* is given. Herr F. A. Krupp established this charity with a gift of one million marks, in accordance with the wish of his father, in 1887. The managers of this fund have also authority to use the interest—or, in special cases, a part of the capital—in setting up

new institutions for the bodily or intellectual welfare of the employees.

A Stiftung with somewhat similar aims was also founded by Herr F. A. Krupp in 1887 as a memorial to his father, for the benefit of the city of Essen. The managers of this fund of half a million marks can use the interest to promote any undertakings which, directly or indirectly, aim at the material or moral elevation of the lower classes. Existing institutions may be aided, or individuals be assisted who are in great need, or who desire superior education in science, art or industry. No distinction of creed shall be made. The first plan adopted by the managers was the building of houses for workmen: a considerable number had been erected by 1891.

The interest of the Krupp firm in education is shown in numerous ways. In the Altendorf colony the firm has built schoolhouses and defrayed all the expenses of free instruction for some 1,100 pupils (1891), of whom 60 per cent. were evangelical and 40 per cent. Catholic: the schools have libraries and botanic gardens. Fried. Krupp also provides for the Altendorf community school-buildings with twenty rooms, free of charge. The firm practices the same generous educational policy in its other works and mines. In Essen and in Altendorf it substantially supports two secondary (Fortbildung) schools with 1,200 scholars, who (for a moderate fee) receive instruction in drawing, natural science, technical branches, and some modern language.

In 1875 the firm opened an Industrial School for women and girls, where they could learn the art of sewing, dressmaking and embroidery, not only for

household purposes, but also as a means of livelihood: in 1890 the average number in attendance was 186. Four schools in different colonies gave instruction in 1891 to some two thousand children of school age in sewing and knitting. The fee charged is, in case of faithful attendance, returned to the pupils in the form of a savings-bank deposit. A housekeeping school, opened in a special building in 1889, has a course of instruction four months long, in cooking and other household arts: it has twenty-four girl-pupils over fourteen years of age, of whom twelve leave the school every two months: the fee is small, and often remitted.

The firm has always given close attention to the education of its apprentices, of whom there were 361 in 1891. They are required to attend the secondary schools mentioned above. In 1890 Herr F. A. Krupp established a yearly contribution of 12,000 m. (*Stipendienstiftung*), which should be applied toward the higher technical education of sons of overseers and workmen who had distinguished themselves by their good conduct and their capacity. A club-house (casino) for the officials (*Beamte*) may be mentioned here. The building, erected in 1890, has a reading-room (with fifty-four home and foreign newspapers and magazines, and a number of books of general interest), a restaurant and a bowling-alley; a garden is attached. Herr Krupp bears all the ordinary expenses of the Casino.

Women and children are not employed in the Krupp works. For workmen who live at a considerable distance two dining-halls have been provided. Hot coffee and a milk-roll can be obtained at cost for one hour in the morning and one in the evening: hot-

water stations supply those who wish to make their own coffee. In the hottest months, cold coffee and *trinkwasseressenz* can be procured by the workmen. Year in and year out a light brandy ration (one eighth of a litre) is supplied free; the expense of this for the year 1890-91 was about 19,000 m. In the same year the firm spent over 69,000 m. on clothing for workmen exposed to the climate or to the furnaces. The firm frequently assists with money contributions a great variety of educational and religious institutions under the control of third parties, which promote the welfare of their employees.

Facilities for savings being ample in Essen and the neighborhood, the Krupp firm has established no savings fund; but, in several minor ways, it brings the above facilities to the attention of the employees, and assists them to make deposits. In the schools it has various regulations which tend to encourage the saving habit. It will receive from any one belonging to the works sums above 200 m. a month, on which it will pay five per cent. interest: this privilege has been largely enjoyed.

The fame of the Krupp works at Essen has gone round the earth, though the elaborate nature of their philanthropic institutions is not so well known. An instance of such institutions on something more like the usual scale of manufactures, but carried on with equal regard for the workman, is afforded by D. Peters & Co., weavers of Neviges and Elberfeld. The most important of their plans is that for housing the five hundred employees (women are employed, but not after they become mothers). On the slopes of the hills surrounding the works the company has

built model dwelling-houses and has acquired others, seventy-seven in all, of which fifty-two, valued at 160,135 m., have been sold to workmen. Some 73 per cent. of the lot on which the brick house, one and a half stories high, is built is open space, at the side and rear, and is used as a vegetable garden with fruit trees.

“ Rents are fixed at 8 per cent. of the value of the house, minus 20 per cent. of the annual payments. . . . The rental includes annual installments paid by occupants, who are obliged to become purchasers. Eight per cent. of the value of the house is paid upon assuming possession, and after that 8 per cent. annually until the property is paid for. As 5 per cent. of this is counted as rent, the houses will be fully paid for in seventeen years. . . . When the head of the family has served for one year and over in the employ of the company, 15 per cent. of the amount annually due is deducted ; when he has served five years and over, 20 per cent. ; when he has served ten years and over, 25 per cent. For every child who has been in the employ of the company one year and over, 5 per cent. is deducted. In no case, however, can the total of deductions reach beyond 40 per cent. When the head of the family is not in the employ of the company, but two or more children are, a deduction is also granted, but the amount is fixed in each individual case. The company contributes toward the cost of maintenance and repairs. Payments of rent are deducted from weekly wages, but carried quarterly on the books. . . . There is no clause giving the proprietor the right to summarily eject tenants in case of strikes or leaving employment.

. . . As a rule, tenancy is permanent.”<sup>1</sup> These houses are of varied architecture: they are all within a half mile of the mills: they are well kept, the garden spaces are cultivated, and, with the park near by, the whole settlement makes a very happy impression on the visitor. The firm hope to make room in the same way for perhaps the larger part of their several hundred employees, and for this purpose they have acquired more land in the vicinity.

For purposes of the culture and amusement of their force, the firm built in 1883 and enlarged in 1897 a kind of club-house (*Stiftung*) called “*Wohlfahrt*” (Benefit). This is situated in the park near the mills, and nearer the home of the head of the firm, and in similar architectural style: it stands between Herr Peters’ house and the *Arbeiterkolonie* we have been describing. Of very pleasing construction, it contains a cooking and housekeeping school for girls and women, “a manual training school for boys in which card-board work, modeling, carpentry, turning and wood-carving are features of instruction, a kindergarten, a hall for children’s games, a sewing school for girls, a large hall used for reading, musical and singing societies, and a reading-room with a library adjoining.” Instruction is given by clerks of the mills in labor-hours. The situation gives this building a fine view, and the terraces and groves of the Peters’ park supply room for the open-air festivals of the workmen and play-grounds for the children: the children of the kindergarten (where Herr Peters’ daughter has been superintendent) cultivate small flower and vegetable beds. The “*Wohlfahrt*”

<sup>1</sup> My quotations are from Dr. Gould’s *Report*, pp. 387–389.



cost 35,000 m. and the yearly expenses are from 2,000 to 3,000 m. A bath-house was erected in 1896, followed by a steam laundry.

The Peters' firm presents one of the best examples of that excellent institution, the workmen's council (*Arbeiterausschuss* or *Aeltestenrath*). Here it has gradually developed from the fund (*Unterstützungskasse*) established by the workmen and the firm together in 1861. The council consists of a partner of the firm, who presides without a vote, and eight members who must be over thirty years old and have seen ten years' service in the works: half of these are named by the firm and half are chosen by the general assembly of the workmen. The council provides for the employees in case of distress or misfortune; oversees the moral conduct of the young, and incites them to self-education in their leisure hours; combats rudeness and drunkenness; helps in the faithful observance of the rules and regulations of the factory, and seeks to prevent carelessness and waste. It takes counsel with the firm in regard to changes in the rules or the rates of wages, the hours of work, protection against danger in the mills, and improvement in the quality and increase in the quantity of the product. Herr Peters regards the work of his council as important and valuable, and the institution itself as deserving of wide imitation.

The firm formerly had a savings-bank for the mills; saving was voluntary, but the good-will of the firm did not induce as many workmen to save as could be wished. The question being put to vote, the whole body of workmen unanimously decided that saving should be made obligatory. The amount was fixed, in

1876, at 5 per cent. of wages for the married, and 10 per cent. for the unmarried. The firm adds to the prevailing rate of interest an amount half as large. In 1898 the savings fund was divided into two, one compulsory the other voluntary. In this year the joint fund held about 900 m. for each workman. A small "help fund," supported by the employees since 1866, receives a contribution of 1,000 m. a year from the firm, and also the fines paid in the factory and the income from the baths. The Invalid Fund, providing pensions, has been maintained entirely by the firm; at the close of 1898 it held 107,605 m.; its beneficent work is supplemented by a Widows and Orphans' Fund. All the welfare-funds of the firm now amount to 798,356 m. The institutions are now the special charge of a Wohlfahrtskasse, with a capital of 20,000 m., which is considered a fellow-worker with the firm, the general assembly and the council.

Herr F. Brandts, in his weaving establishment at München-Gladbach, is a fine example of the Catholic patriarchal employer of Germany who would combat Social-Democracy with welfare-institutions. Believing that working-people are a reasonable body, on the whole, he thinks them likely to be much influenced by an employer who plainly has their welfare at heart. "We will not sharply draw the line between justice and kindness: the farther the sphere of kindness extends, the greater is the result." Herr Brandts excludes from his factory all mature women, and children under fourteen years of age. Experience has shown that women seldom take work elsewhere in consequence of this prohibition. At the birth of a child

a small present is made to the parents by the *Unterstützungskasse* (support fund). The overseers are required to set a good example of moral and religious fidelity to the workpeople, and to maintain a moral spirit in the factory: improper language, unbecoming songs and the like are strictly forbidden. Young people, unmarried, who lodge away from home, without their parents' consent, are at once discharged: girls especially must live at home. The behavior of workpeople, outside of work-hours, is an object of consideration. Social intercourse of the sexes is forbidden in the factory, and propriety must be observed outside, under pain of dismissal. Young persons' wages are paid to their parents. When a woman worker is married, Herr Brandts makes her a present of a linen outfit; widows are aided in the care and education of their children.

Premiums are given for punctuality and for any excess of earnings over the average, as figured in the rules of the firm. "An earnest word" prefixed to these rules reminded the employees that dram-drinking in the factory had greatly increased, and that it fatally leads the young into temptation. A premium of one mark a month was offered for abstinence from spirituous liquors: and this is paid to any male employee over sixteen who deposits a slip in a closed box, declaring on his faith and honor that he has not touched alcohol in any form during the past month. The confidence thus shown by the firm has been fully justified: no liquor is drunk on the premises, and a third of the employees, on the average, receive the premium.

Careful and paternal arrangements are made to

encourage savings, which receive from  $4\frac{1}{2}$  to 6 per cent. interest, according to the size of the deposit. Workpeople who have served ten years in the factory have a savings-book given them on their birthday with fifty marks to their credit: the firm undertakes the care of these savings without charge.<sup>1</sup> A Savings Union (*Sparverein*) for married workmen, although membership is entirely voluntary, counts as members all who are qualified under the rules. A mutual aid society for men and women makes loans without interest, or gifts to those in unusual need, even before their savings are exhausted; the firm guarantees five per cent. on the balances of the society. No family belonging to the Brandts factory is ever obliged to ask for charity from the town authorities.

Herr Brandts holds a special half-hour once a week at the disposal of his employees who may wish to see him in his private office. "It goes without saying that in pressing cases every workman is at liberty to come to me at any time of the day." The Workmen's Council is a more formal means of communication between the head of the house and the employees. It consists of the president of the Sick Fund, four representatives of the firm, and eight workpeople, men or women. It can call to its aid special representatives of different departments of the factory (*Vertrauensmänner*). This Arbeitervorstand, formed in 1873, keeps a careful oversight of the manners and morals of the whole force, and endeavors to settle all difficulties before they become formidable. It advised that the rule be made about

<sup>1</sup> If a deposit is marked "Rent-money," it can be withdrawn without notice.

the payment of young people's wages to their parents: it warns or dismisses incompetent or unfaithful or immoral workers, and, in general, saves much friction which might otherwise result, and accumulates a moral capital, as the years go by, which is of great value to all parties concerned.

The firm displays its interest in the comfort of its people in numerous minor matters. The large lunch-room has rush-bottomed chairs, and tables for small groups: a quarter of an hour for coffee breaks the afternoon work: young workers have half an hour intermission, morning and afternoon: the wash-rooms are supplemented by clothes-rooms, where the employees can change their ordinary garments for work dress; baths can be taken at any time of the day in the tubs provided by the firm — twenty-five minutes are allowed, and the fee, five pfennige, goes to the *Arbeiterkasse*.

Children of workmen, under school age but over three years, may be sent to a kindergarten kept in the St. Joseph's House, a fine three-story building of brick and stone, surrounded by gardens and a park. The latter is a playground for the children of the factory in their free hours, and is provided with gymnastic apparatus: not even the smallest thefts of fruit have been committed of recent years. A sewing-school, at which attendance once a week is compulsory for young women under eighteen, is kept — two evenings a week for an hour and a quarter before the close of the working-day — in this house, which is a general headquarters for the musical and social assemblages of the employees. A small library, dining-rooms for 96 persons, a kitchen capable of cooking for 180, and a

cooking-school for girls are to be found here. The firm supplies the instruments of the Verein for vocal and instrumental music, of which it remains the owner.

Herr Max Roesler was for many years at the head of the earthenware manufactory in Schlierbach, near Wächtersbach in Cassel. He declared in his parting address to the employees (over 400) that he had endeavored to transform the relation between workman and employer, from one of mere obedience on one side and a mere wages-connection on the other, into a true association of labor, in which every one, from highest to lowest, should work zealously and faithfully "for our factory, for our Prince, for our community." In this honorable effort he found a small weekly paper, which he established, of much help. The "Schlierbacher Fabrikbote" (Factory Messenger) contained the news of the establishment, announcements of changes in the regulations, explanations of new processes or inventions, personal items of interest, and communications from Herr Roesler concerning the life and work of the community.

An Aeltestencollegium (council of senior workmen) discharges similar functions to those exercised by Herr Brandts' Arbeitervorstand, but with numerous variations in its constitution. The head of the firm must approve the decrees of the collegium: he can modify them and refer them back to that body. There is a central body, and sections for different departments of the establishment.<sup>1</sup> The collegium, in connection with the other authorities, has the special direction and oversight of the apprentices. "In all cases it

<sup>1</sup> The porcelain painters were allowed to choose their own superintendent.

has worked excellently and is highly respected by all the workmen." Herr Roesler divided the young unmarried workmen among separate houses, each of which has a woman of mature years as a housekeeper. Houses which are built for the benefit of employees are left subject to minor changes within or without, according to the pleasure of the future tenants. "The Aeltesten have decided that no one can marry who has not spoken to the master." If any workman sets up a household before the council of his department judges him capable of supporting one, he must leave the community. The bride receives, in every approved case, a full table service from the firm.

Herr Roesler's wife in the "Fabrikbote" gave good counsel to the women, telling them how to keep their husbands from frequenting the saloons too often, by making home more attractive to them; but she advised them not to oppose the natural desire of the workman for occasional sociability with good comrades at the tavern: "a drink at the right time is not always the 'care-bringer,' it may be a 'care-breaker.'" The overseers are provided with books of the factory savings-bank, so as to give every one opportunity to follow up at once an impulse to thrift: on account of such facilities the business of a penny savings-bank that had been established steadily declined. Men on military service could have their savings sent to them.

A musical union in a factory was rightly considered by Herr Roesler a means of grace; in so music-loving a country as Germany, his exhortations to his workpeople to join the Verein of the factory were not

unheeded. This excellent "cement" of friendly feelings between the owner of the works and the employees is conspicuous at Schlierbach, vocal and instrumental music being equally favored. The various holidays and the birthday of the head of the works are musically celebrated. The chorus is also a fire-guard. Gymnastics are required of all male members of the factory force: they join the Turnverein, and thus get a valuable preparation for their army service. The cultivation of fruit and flowers and the keeping of bees are successfully encouraged at Schlierbach.

The bleachery and dyeing and printing works of W. Spindler employ some 2,100 workers at Spindlersfeld, Cöpenick, near Berlin. The industry being in good condition early in the year 1872, and wages having risen considerably, Herr Spindler instituted a fund for compulsory savings (reserved from the payment of wages): until March 31, 1886, these received 8 per cent. interest, and since that time 6 per cent. The workman can draw out every quarter what sum he pleases, leaving but a definite small amount as an inalienable balance, which can be drawn only in exceptional circumstances. In 1874 this fund was supplemented with another for the superior employees (Beamte), who receive the same interest on their deposits. Up to the end of 1898 there had been deposited 2,267,658 m.; the interest had amounted to 237,693 m., making a total of 2,505,351 m. At this time there was on deposit the sum of 240,010 m. Over fifty of the depositors had had accounts from the beginning. Many of the employees regularly avail themselves of the privilege of the quarterly withdrawal,



leaving only the required balance to their credit : still about half the men and one quarter of the women are steady depositors. The Beamtensparkasse held on deposit at the same date, 103,967 m. The capital of the Invalid and Pension Fund of the Spindler establishment amounted to 798,687 m., on the first of January, 1898 : interest for that year was 39,934 m., the annual contribution of the firm, 31,072 m., and extraordinary contributions by the firm were 51,370 m., making a total of 921,063 m. For pensions (amounting to one quarter or one half of the wages last paid) and to widows and orphans there was paid out a total of 27,064 m. The Accident Fund held 102,683 m. on January 1, 1898 : only 312 m. needed to be paid out in 1898 on account of accidents. The contribution formerly made by the firm now meets the legal demand of the present law of accident insurance. The Sick Fund had, in 1894, 2,160 members : its receipts were 57,842 m., and its expenses 55,361 m. Men on military service receive half-pay from the firm. Short vacations of a week or less are granted to workers in the summer : to the Beamte, two weeks or less. In the secondary school for apprentices fourteen to seventeen years old, kept in the evening, there were three classes and sixty-six pupils : as the apprentices were at work from 6 A. M. to 6.30 P. M., and lost their evening recreation because of compulsory attendance, it is natural that they always rejoiced over the ending of the required terms. Since 1894 the apprentices attend school in Cöpenick at the expense of the firm. The library is a comparatively common institution in large German industrial establishments ; Herr Spindler's had 2,800 volumes in its general division and

900 in its technical division in 1896: the technical books were drawn only for business purposes, while at Spindlersfeld, as elsewhere, the usual and natural reading of these workers on long hours is novels and illustrated books. Out of 2,000 workers, 775 used the library and 8,727 books were taken out. The Spindler works have an elaborate provision of baths for the force employed. A bathing-house for each sex is built over the Spree for summer use: instruction and use of these baths are free. For the warm baths, tub or shower, Russian, Roman, sitz, etc., a fee is charged. The dining-hall (*Speisehaus*) contains two large eating-rooms for the 1,200 employees who live too far away to go home at noon: food and drink are sold at low prices through the day. The recreation house (*Erholungshaus*) has a room for the kindergarten: a theatre for all kinds of entertainment; a reading-room and a billiard-room: a bowling alley and a boat-club afford other opportunities for physical exercises. A course of lectures of a popular character is given every winter, but the attendance is small, running from seventy to one hundred persons: probably the long hours of work are the chief reason.

The Augsburg Carding and Spinning Mills purchased in 1873 for operatives' homes a tract of ground near the mills and opposite the building intended to serve as headquarters for the welfare-institutions. Eighteen houses accommodated 118 families in 1893: the houses are surrounded by gardens and lawns with trees and arbors. As at Spindlersfeld, there is here a dining-hall for those who wish to buy their dinner or to warm the food they have brought from

home. The building has pleasant surroundings and can accommodate 348 persons: it is open from 6.30 A. M. to 6 P. M., and it feeds daily some 300 persons: the warming ovens are used somewhat more than the cooking-ranges. The owners have taken pains that the seats at the dining-tables shall be so constructed as to allow of a comfortable after-dinner nap!

A long one-story building contains excellent bathing arrangements. These are open free of cost to the force, each workman being allowed thirty minutes: in the other thirty minutes of each hour the bath-room is cleaned: each bather receives a towel, a piece of soap (used but once) and a comb cleaned expressly for him. With 1,000 persons employed, 120 baths on an average are taken each day, all but a few availing themselves of the privilege. To accommodate the members of the families of clerks and employees, who do not themselves work in the mills, with similar facilities for bathing, and to provide laundry conveniences for families living near, another building was erected later. The laundry is open from 6 A. M. to 9 P. M. A separate wash-room is provided for each woman; no charge is made for the use of it or of the drying-room. Mothers using this public laundry who have small children can leave them in the waiting-room in care of the attendants until their work is done. In 1890 the 186 families in the Arbeiterkolonie and the immediate neighborhood (with 33 single women) did 7,644 washings and took 2,396 baths, children not counted.

In a roomy workman's dwelling Herr Mehl, the head of the works, has established an infant school for the very youngest children, under the care of the

capable widow of a workman. She also receives a certain number of young girls from the factory, whom she instructs in housekeeping, and especially in the care of infants and children. A girl who has been employed several years in the works may expect to serve her turn in the infant school as a reward for good conduct. She works half a day in the factory, morning or afternoon, and the other half in the school, receiving whole-day wages from the mill. Nearly all the girls thus take their turn. An hour's service of worship for the children is held every Sunday morning, in a former school-hall in the welfare-institutions building: from forty to fifty children attend. In the same room is a small library of books for young children over five years: the room is open from two o'clock P. M. to four on Sundays and holidays: the attendance varies greatly according to the season and the weather. The giving out of apples, from the trees on the grounds, has been found to stimulate regularity! In the same building is the library and the reading and writing room for older persons: the smaller use of these advantages, as compared with other factories, is accounted for by the fact that only a quarter part of the workers live near the library.

The Prussian Government has shown an interest in the housing of the employees in its State mines, foundries and salt works since the time of Frederick the Great. It has promoted the settling of miners and salt-workers by advances and premiums on building, with or without provision of a site. To the workman in the Saarbruck mines wishing to build, for instance, the Cabinet allows premiums running from 250 to 300 thalers, and a loan without interest of 500 thalers, which is to be reduced by a yearly payment

of 10 per cent. In these coal mines, between 1842 and 1891 inclusive, 5,264 miners received building premiums amounting to 3,787,950 m.; and 2,944 have received advances without interest, amounting to 4,117,050 m. In all Prussia, between 1865 and 1891 premiums of 3,471,815 m. and loans of 6,050,545 m. were paid out. At Saarbruck 42 per cent. of the workmen own the houses in which they live: in the Halle mines 27 per cent. and in the upper Harz region 25 per cent. The Lower-Rhenish-Westphalian Mining District is the largest organization of mines on the Continent. Its authorities supervise nearly 180 coal mines, with a yearly output of more than 50,000,000 tons and a working force of more than 200,000 men. "These mines have welfare-institutions of the most diverse and generous kinds," for the most part not mentioned in Dr. Post's work.<sup>1</sup>

Villeroy and Boch, who own large earthenware and mosaic works at Mettlach, have elaborate plans for housing their employees. Up to 1895 they had built houses for 152 families at a cost, including ground, of 517,264 m.: 111,365 m. had been repaid in installments by January 1, 1893. The firm gives the workmen a choice of thirteen different styles, thus securing desirable variety: the firm prefers, itself, double houses with one family in each part. A house of this kind, one and a half stories high, has a lot of 7,535 square feet, of which 6,313 feet make a vegetable garden, usually; 23 feet of space lie between the houses. "The streets are lighted with gas. . . . A cooking-range and two heating stoves are placed in each dwelling:" each tenement has four rooms. The ground is sold at actual cost: 5 per cent. of the total cost is paid annually — 3 per cent. being interest on capital, and 2 per cent. payment on the principal.

<sup>1</sup> Communication from the chief of the Oberbergamt at Dortmund.

Similar lodgings in the vicinity cost as much again. For the first ten years the house remains the property of the firm, but the tenancy must continue unless the workman quits the service or fails to pay promptly. At the end of the ten years the tenant can return the house to the owners and the money which he has paid on the principal will be returned to him, or he can become himself the owner by continuing his payments as before. "This will, however, be the minimum amount that can be paid annually." He may liquidate the price (the original cost) at any time in larger amounts. During the first ten years the firm pays for ordinary repairs and insurance: alterations and additions may be made, and the expense added to the purchase price. Rents are paid monthly. In case the tenant leaves the employment of the firm, he may be summarily ejected.

Villeroy and Boch, like the Krupp firm, contribute to the Pensionskasse a sum equal to that contributed by the workpeople. Years well spent in military service are regarded as years spent in the factory, if a man has served two years altogether and marries, — and the firm presents him an outfit of household goods from the factory. The wages of young workers must be paid by them to their parents, by agreement: a committee of four members of the Brotherhood of St. Andrew (the association corresponding to the Aeltestencollegium in other factories) has the oversight of these minors, who are forbidden to visit taverns, to smoke, or to carry arms. A punishment sometimes decreed by the committee is that the offender shall copy a chapter of the "Compass for Youthful Workmen," which is in the hands of all, so as to impress its contents on his mind!

A boarding and lodging house for young women and young men, whose homes are at a distance, is a substantial building, superintended by the Sisters of St. Borromeo, who give instruction in the elements of the housekeeping art. Sewing-machines are bought by the firm for women who wish for them and can pay the price in installments. The boarding and lodging house sheltered 220 young women in 1887-88, and sold 60,232 portions for breakfast, 63,639 for dinner, and 51,447 for supper. A hall for meetings and for social purposes, built over a store owned by the firm, may be used gratuitously by the employees. A Turnverein and a musical association, usual organizations in a large German factory, find headquarters here. The firm has steadily developed its institutions in recent years.

Arlen in Baden, half way between Constance and Schaffhausen, is a place created by the spinning and weaving factories established in 1837 by Herr M. H. Ten Brink; the firm now employs 1,200 persons. Herr Ten Brink's son, the present owner, has established a great variety of beneficent institutions for his workpeople, in addition to the obligatory insurance against illness, accidents and old age prescribed by the laws of the empire. These institutions include the well-endowed Heinrich hospital of twenty beds; free consultation with the firm's doctor; baths; economical kitchens for providing the midday meal for the workpeople; two coöperative companies which supply groceries, etc., at the lowest prices; two libraries of 800 volumes each; infant schools which have been endowed and made over to the commune; besides a home boarding-school, wherein young girls — those already employed in the factories — are taught all the branches of a useful education. In this school the girls pay twelve cents per day, the

remaining expense being borne by the firm; a number of the girls have already the equivalent of several hundred dollars in the savings-bank.

For such as have left school, recreation halls are provided under the direction of competent and sympathetic women. These places, to which the young girls come to read, sing, or do needlework, are a great resource in the winter evenings and on Sunday. Others of a similar kind are open to young men. The great care taken of the young girls, together with the fact that those who misbehave themselves are immediately excluded from the workshops, has produced the happiest results, there being but two per cent. of illegitimate births (and this has been the case for many years) in the communes which surround the factories.

In the interest of mothers of families there is what is called a "housekeeping sister," who goes from one home to another, giving informal lessons in cooking and domestic thrift — herself providing the materials for many of those inexpensive but nourishing dishes which are to be seen daily on the tables of well-to-do people, but which the poor are usually the last to adopt. This little scheme, only recently introduced, is already most successful, the sister bringing an element of variety as well as of distinct assistance into the hard lives of the women.

There are also at Arlen two savings-banks, with sufficient capital to pay five per cent. interest on the deposits of the active workpeople, while pensioners and certain classes of employees receive four per cent. The yearly deposits average \$7,500. Herr Ten Brink has built a great number of detached houses in the neighborhood of the factories, the larger ones containing three bedrooms as well as a kitchen and living-room. Those for smaller families have two bedrooms only, but all possess a wholesome cellar, an attic, and a garden. These houses are sold to the workmen at cost, and on such easy terms (\$50 down and the remainder in monthly installments) that three fourths of them are sold and one half entirely paid for. If a work-



man has saved 300 m. towards a house, Herr Ten Brink makes him a gift of 500 m. "Our experience is that the workman who owns his house becomes thereby a strong factor in the cause of morality and order." He is not a believer in the system of profit sharing, and it is replaced in his establishment by "gratifications," made in proportion to the length of time (after five years) which each man or woman has been in his employ, and credited to them in one of the savings-banks.

Wages are paid to employees just as long as they are able to do a minimum of really good work, while the pensions to the disabled and the superannuated are on a higher scale than is exacted by law. At the present time twenty pensioners receive between \$50 and \$75 annually.

The results of the social organization of Arlen may be summed up as follows: The material condition of the work-people leaves nothing reasonable to be desired. From the outset they are beyond the reach of want — those of them at least who take advantage of these provident schemes; they usually become owners of their little homes, and at sixty years of age may possess a comfortable capital, quite independent of what they have amassed by their savings, and, most important of all, they regard their own prosperity as essentially bound up with the prosperity of the factories and that of the Ten Brink family. Their interest is therefore to produce the best work with the least possible waste of time and material. Moreover, the industrial peace of Arlen is absolutely undisturbed.<sup>1</sup>

The North German Jute Spinning and Weaving Factory at Schiffbeck, near Hamburg, is honorably distinguished for the fine schools which it maintains, — costing some 50,000 m. to build, and 5,000 m. a year to support. The edifice has gardens in the rear,

<sup>1</sup> The above account is taken with slight abridgment from a letter in the *Evening Post* of New York, dated at Arlen, November 17, 1898.

provided with gymnastic apparatus. The boys between twelve and fourteen years of age employed in the factory receive instruction in the forenoon from eight o'clock to eleven o'clock, and work in the afternoon; the girls of the same age work in the morning and attend school in the afternoon. The pupils have lessons, from a capable student in a training college (Seminarist), in reading, writing, arithmetic, the German language and history, and religion. In 1888 there were fifty boys and fifty-four girls in attendance. "The children instructed in the factory school have become the most modest, well-behaved and diligent workers." A secondary school for older scholars who wish to go farther in the pursuit of knowledge was established in 1885, with twenty-five pupils: in 1888 there were thirty-five. Attendance is compulsory, but does not need to be such for the boys who have attended the lower school: new-comers, on the other hand, would not attend of their own accord, but they are soon brought up to the same level of willingness to learn. Music and drawing are added to the earlier studies. This school is necessarily held in the evening, after the day's work is over, for an hour, or an hour and a half. Fines for non-attendance go to make up prizes for especially diligent scholars. Three savings-books prizes are given to the three who excel all others. The scholars form a Turnverein, exercising twice a week; this feature naturally increases the interest in the regular school lessons. The girls in the factory school are instructed for two hours on Saturday afternoon in sewing, darning, knitting, and mending. All these schools are at the expense of the firm. The teachers help greatly in preserving plea-

sant relations between the workpeople and the employers.

This firm has spent 400,000 m. in the erection of 166 dwellings for its force. The rents vary from 2 to  $3\frac{1}{2}$  m. a week: houses are sold for an annual payment of 4 per cent. for rent, 2 per cent. as payment on the principal, and three fourths of 1 per cent. for expenses. The firm insures the household goods of the tenants against fire. Herr Meyer, the director of the works, learned from experience that the factory savings-bank would have no success unless savings were made compulsory. He instituted a new compulsory arrangement at a time when a rise in wages was granted, and retained a sum about the size of this increase: all has gone well since. The Workingmen's Council called the attention of the firm to the fact that the retail dealers in Schiffbeck gave long credit to the men, and reimbursed themselves by charging from 10 to 25 per cent. above the prices in Hamburg. The council proposed the establishment of a coöperative store for the works. The proposal was approved and the store, established with 10,000 m. capital, has paid a 6 per cent. dividend since: it has 750 members and does a business of 120,000 m. yearly. Prices in Schiffbeck were lowered some 15 per cent. The firm gives substantial aid to the store. In connection with the sick fund it engages two physicians, who may be consulted twice a week in a room set apart for them: a sick-room with a medicine shelf affords other relief. A crèche; a large club-room with a system of low-priced lunches, and rooms for reading and billiards; a library, an aid fund, a summer-house system, instruction for young

women in cooking and housekeeping, and a band and fire-guard are other institutions at Schiffbeck, where there are now 1,500 employees. At Ostritz, Oskarström and Bischweiler the company has some 2,900 operatives for whom it makes similar arrangements.

Among the most attractive houses erected by German employers for workpeople are those at Dornbirn, eight miles south of Lake Constance, in the Tyrol. Here Herr F. M. Hammerle has a large cotton-mill. The dwellings (one story or two stories) are rented or can be acquired by monthly payments. Some have room in the outbuilding for the family cow, while the houses are solidly and very tastefully built, in a home-like style. Artistically grouped, they stand apart in garden grounds, mostly shaded by fruit-trees, and looking upon beautiful mountain scenery. The two-story houses, for rent to two families, have verandas on the gable-end, round the pillars of which climbing plants coil. These verandas render possible a great deal of life in the open air at meal-time in pleasant weather, and on Sundays. In winter the large kitchen serves well as an eating-room. A tenement of this kind, with a garden and pasturage, brings 80 florins a year: without, 60 fl. The houses for sale range in price from 2,600 to 3,600 fl.: the monthly payments vary from 20 to 35 fl.: great accommodation is given to the would-be home-owners.

The Bochum (five miles from Essen) Company for Mining and Cast-Steel Manufacture has built up "colonies" after the same style as those of the Krupp establishment: a dozen of these colonies contain, altogether, 1,450 tenements for the married workmen; a considerable number of families occupy one house. A very large four-story

lodging-house has 150 rooms, in each of which from four to twelve single men sleep. A great dining-hall in the rear will accommodate 1,000 men with dinner and supper at moderate prices: an orchestration plays during the noon hour: a slaughter-house supplies the meats used. The expense of the double building was, in 1891-92, 36,000 m. Besides the baths in the lodging-house, the company maintains a large steam-heated wash-building (Waschkasse) with 800 lockers and four bathing-houses connected with it. On the company's farm are kept 120 cows, whose milk and butter are sold to workpeople at low prices. The company supports a kindergarten for 300 children, and a housekeeping school for 50 girls. A shop where convalescents and others incapable of full work make brushes, for some two marks a day, is self-supporting.

Dr. H. Traun is now the sole director of the Harburg Rubber Comb Company, which employs over 1,200 persons at Wandsbeck, three miles from Hamburg, and in its other works. He has erected for them a number of houses in a pleasing variety of architecture. Nine one and a half story dwellings are usually built in a connected row, and surrounded by a garden; the middle dwelling has two free tenements for invalids. Rents are so adjusted that the company receives about  $2\frac{1}{2}$  per cent. on its investment. It keeps up a collective fire-insurance policy on the tenants' furniture. In 1898, 538 workmen were thus insured for 1,150,250 m. Dr. Traun gave up this building system for several reasons and started a building society, which is now very flourishing, with 1,264 members. A rent-savings fund has largely done away with the advances from other funds once quite regularly made. A *privatunterstützungskasse* supplements the usual *krankenkasse*, with its compul-

sory and voluntary contributions; it provides fairly well for the sick, for burial expenses, for widows and orphans, and for pensions; the company contributes the same sum as the employees. In 1898 the expenses were 15,578 m. and the capital 188,139 m. The Friedrich Traun Foundation, established by his three sons as a memorial in 1881, further supplements the work of the fund just named, and expends modest sums for purposes of culture and amusement. The capital was 10,000 m. at first, to which Dr. H. Traun has added over 6,000 m. since. In 1891 the company expended under this account 6,570 m. (to the interest on the foundation it had added over 5,000 m.). This amount went for these several purposes: a Christmas gift of 100 m. to a workman who had served fifty years; Christmas presents of money and provisions to widows, orphans and others in need; for wedding and christening presents (twenty marks and ten marks each); school fees in the Hamburg Trade School and the Continuation Course of the Arbeiterbildungsverein;<sup>1</sup> musical instruction and instruments (2,315 m.);<sup>2</sup> sickness and special need, including widows and pensioners not sufficiently provided for otherwise; sending children into the country in summer (Ferienkolonien), and the services of a deaconess in the homes of the sick or destitute.

A minor feature of special interest in this Rubber Comb Company's relations with its employees is its

<sup>1</sup> The firm laments the small number of those anxious to attend the trade school (16 in 1891) or the continuation course (5). It pays other school fees in cases of need.

<sup>2</sup> A Gesangverein, "Freundschaft," counts twenty-eight members, and a Horn Chorus thirteen; the Gesangverein "Leopoldus" contributes to the musical expenses.

Coffee-Kitchen. Its primary object was to give the workpeople a substitute for the quite unusable Hamburg water supply. It was planned on the model of the Hamburg Coffee-Houses, and was controlled by the workmen. The six workmen on the committee of the Privatunterstützungskasse attend to the buying, the preparation and the selling of the coffee, making a monthly report to the firm. The drink is given out on checks. The price has been reduced two or three times: at first 4 pfennige for a cup containing four tenths of a litre, it is now  $2\frac{1}{2}$  pf. The demand was at first 200 litres a week, and had risen to 2,400 litres in 1895. The company bears the expense of the kitchen, the service and the heating. The experience of the kitchen during the cholera epidemic of 1892 deserves mention. Dr. Traun wrote on the 12th of September: "Immediately after the outbreak of the epidemic, on August 16, all the Elbe water in the Hamburg factory was shut off. The coffee was reduced to 2 pf., and water boiled and then cooled was furnished free. The use of coffee rose to 1,648 litres a week, although the number of persons employed had fallen to some 600. Of the nearly 100 workmen living in Harburg, who work in Hamburg, and take breakfast, dinner and supper in the Hamburg factory in the coffee-kitchen, not one has yet fallen sick, while numerous workmen taking their meals in their homes in Hamburg were attacked by the plague. Such a blessed result of the coffee-kitchen no one had hoped or expected."

The firm supports a library of 1,000 volumes and distributes free 100 copies of the weekly paper, "Der Arbeiterfreund." In 1895 it purchased 100 sewing-

machines for the workmen's wives, to be paid for in weekly installments of 1.50 m., and 200 bicycles for the men at the same rate: an old employee cares for these wheels in a building erected for them, in return for his rent.

The Lead and Silver Works at Ems, with 1,400 employees, has, for their use, three well-equipped institutions. The lodging and boarding house for men is a large building costing 90,000 m., two stories high in the middle and three stories in the wings. It is surrounded by gardens and fields and can accommodate 300 men in its 40 sleeping-rooms, in each of which are three to seven beds: the building is heated by a warm-water apparatus, and has a number of warm baths. The dining-hall will seat 300 persons, and there is a workmen's library adjoining. In the morning and afternoon coffee can be obtained by any one, and meals are furnished at noon and night. A second house of the same kind is to be found at the mine in Emsbachthal. In 1891 both houses received 10,292 m. for lodging (Schlafgeld) and 23,363 m. for food. Of coffee, 155,744 morning portions were sold, and 149,644 afternoon portions: 53,658 dinners and 36,601 suppers were provided.

The coöperative store established in 1875 sells goods at such reduced prices as to leave a small surplus at the end of the year, a part of which goes to the reserve fund and the remainder to the members in the form of a dividend. The bakery attached caused a notable reduction in the price of bread, especially as the store sells to all applicants, whether members or not. A shoe-shop is another feature. In 1891-92 the store did a business of 475,448 m., of which 30,893 m. were profit; the dividend was  $8\frac{1}{2}$  per cent. The number of members, very small at first because of the suspicions of the employees, had increased to 633 in 1892, partly because the company in 1876 decided to rent houses and make advances only to workmen who were members, but mainly because of the effect of the earlier dividends and



the fall in the price of bread due to the bakery. The admirable school-building of the works accommodates 165 children in its four rooms; each child costs the firm for its education thirty-one marks a year.

Herr Heinrich Freese, the head of the Hamburg-Berlin Venetian-Blind Factory (the main house is in Berlin, with three branches elsewhere), is a profound believer, on the basis of his own experience, in the Workman's Council. In his establishment such a council (*Arbeitervertretung*) was set up in 1884. It consists of four persons named by the firm and eleven by the workmen (100-120) annually. Work-people who wish to attend the meetings of the council as spectators are allowed to do so. The last matter in the order of the day for each meeting is "wishes and grievances of workers" (*Wünsche und Beschwerden*); under this head any employee has full opportunity to make known any desire or complaint he cherishes. The activity of the council may be seen in these instances. In 1884 it regulated the sale of beer in the factory. (Good beer is bought at wholesale rates and supplied to the employees at a moderate price, and a yearly profit is made (7,443 m. at the end of 1898), which goes, one half to the buyers of beer and one half to a savings fund). In 1887 the council introduced a system of modest compulsory savings from the weekly wages. These receive six per cent. interest, and are repaid to the depositors at Christmas-time: in 1898 they amounted to 4,889 m. In 1895 the Support Fund, a supplement to the Provident Fund, was created: it had paid out, to the end of 1898, 6,511 m., and owned, at the end of the year 1897, 5,042 m.

All changes in the rules of the factory and the business are to be approved by the body of workers: a one-sided alteration of the labor contract is not permissible. A general assembly of this kind in 1890 discussed the project of shortening the labor-day. According to its decision, the council voted, April 28, that the eight-hour day must be rejected as impracticable, and that the proposal of the firm to introduce a nine-hour day without reduction of wages be accepted. On the 31st of December, 1891, the firm made a scale of wages (*Akkordtarife*) for two years to come; a trial of an eight-hour day was made in January and February, and the workmen agreed to accept this scale for the shorter day, for it had become plain that in eight hours they did as much as before and saved the firm some waste. The men on day-wages, it was agreed, should receive the same wages as previously. In summer and winter alike, the men stop work at five o'clock in the afternoon. In 1891 the council established a factory library, under the direction of a committee: the choice of books is practically in the hands of the workpeople. Profit-sharing has been in effect since 1890. Says Herr Freese: "The novelty of the institution [the council] will doubtless offer some difficulties at first, but these are not to be compared with the advantages: from my own experience I can emphatically advocate the legal introduction of Workmen's Councils."

An example of the effectiveness of a support fund (*Unterstützungskasse*) on a small scale is afforded by the printing-house of B. G. Teubner in Leipzig. It was established in 1869 for employees of four years' standing. For every employee in the house (with the exception of apprentices and

school children employed) the firm pays 10 pfennige a week into the fund : 10 per cent. of this must go to the reserve : the employees make no contribution. A council chosen partly by them distributes the aid given out. In 1897-98 the sum given by the firm was 1,761 m. : 1,300 m. were allotted ; the reserve fund had increased to 46,515 m. In 1891 a special vacation fund was established from the reserve. For an eight-day outing a workman might receive 30 m. : an assistant or a woman, 20 m. : in 1897-98, 560 m. paid for the vacations of 22 workmen.

From the "Personal Recollections" of the distinguished electrician, Werner von Siemens, written in 1892, I take the following account of the provision for their employees made by the great Siemens establishments in Berlin (Siemens und Halske) and London:—

"It had very early become clear to me that a satisfactory development of the continually growing firm must depend on securing the hearty, spontaneous coöperation of all the workers for the furtherance of its interests. To attain this, it seemed to me essential that all who belonged to the firm should share in the profits according to their performances. As my brothers acceded to my view, this principle came to be adopted in all our establishments. Arrangements to that end were settled at the celebration of the twenty-fifth anniversary of the original Berlin firm in the autumn of 1872. We then determined that a considerable portion of the yearly profits should regularly be set aside for allowing a percentage to officials proportionate to their salaries and bonuses to workmen, and as a reserve fund for necessitous cases. Moreover, we presented the collective body of workers with a capital stock of £9,000 for an old age and invalid fund, the firm agreeing to pay every year to the account of the managers of the fund, chosen directly by those interested, fifteen shillings for each workman and thirty shillings for each official who had served in the business uninterruptedly for a twelvemonth.<sup>1</sup>

<sup>1</sup> Since 1896-97 this contribution has been doubled for the 7,218

“These arrangements have worked remarkably well during the nearly twenty years of their existence. Officials and workmen regard themselves as a permanent part of the firm, and identify its interests with their own. It is seldom that officials give up their position, since they see their future assured in the service of the firm. The workmen also remain permanently attached to the firm, as the amount of the pension rises with the uninterrupted period of service. After thirty years’ continuous service the full old-age pension commences with two thirds of the wages, and that this is of practical importance is proved by the respectable number of old-age pensioners who are still strong and hearty, and besides their pension continue to receive their full wages. But, almost more than the prospect of a pension, the endowment fund for widows and orphans connected with the pension fund binds the workmen to the firm. It has been proved to be the case that this endowment is still more urgent than the invalid pension, as the uncertainty of the future of those dependent on him commonly weighs more heavily on the workman than his own. The aging workman nearly always loves his work, and does not willingly lay it down without actual and serious need of rest. Accordingly, the superannuation fund of the firm, in spite of a liberal use of the pensions by the workmen themselves, has only consumed the smaller part of the incomings from the interest of the funded capital and the contributions of the firm towards pensions. The larger part could be applied for the support of widows and orphans as well as for increasing the capital stock of the fund, which is destined to secure the workman’s claim for pensions in the event of the possible liquidation of the business.”

employees (1898). The firm having completed fifty years of existence in 1897, the partners presented one million marks to the employees, which was applied to the pension fund; in 1898 a further gift of 150,000 m. was made. Handsome sums are given to employees completing 25 years’ service. A special benevolent fund, restaurants and stores are other institutions of the company.

The *Arbeiterausschuss* in the machine and wagon works of F. Ringhoffer at Smichow near Prague (900 employees) is obliged to keep the whole body of workmen informed of its doings by making two reports at least in the year, which are distributed at the expense of the firm. These reports cover the various welfare-institutions of the establishment, the operation and condition of which are fully described: they include dwelling-houses, a pension fund, and funds for making loans and giving help in time of special need. The council is composed of the six directors of the sick fund, chosen by the general assembly of the members of that fund, for three years. The council decides upon the workmen to be laid off when work is slack; looks after the beer supply; has a superintendence of the houses occupied by the workpeople; and, in general, has numerous other activities, specified in the detailed "Instruktion" drawn up for it by Herr Ringhoffer. The president of the council is the head of the firm or his representative, whose approval is necessary for any action to take effect. The oversight of the apprentices is an important part of the functions of the council.

A small fund of 10,000 florins makes short loans, not above 15 fl. in amount, at a moderate interest, which are repaid in ten weekly installments retained from wages. More important needs are relieved from the Help Fund, which assists men out of work and special cases of distress by loans without interest: the original foundation of this fund was 10,000 fl. A fund for pensions and for widows and orphans was begun with a gift of 2,000 fl. in 1870, and further supported by an annual contribution from the firm of

10 fl. for each skilled artisan and 5 fl. for each day-worker who has been employed for ten years: it now amounts to more than 40,000 fl.: it receives the income of a Provident Fund now amounting to more than 100,000 fl. An employee leaving the establishment simply because of lack of work does not lose his claim upon the fund. A Safety Corps for the works takes care of men who have been injured or have fallen sick suddenly, until the doctor comes. A relief chest, painted green and marked with a red cross on a white ground, is provided for each workshop, and a stretcher for the factory. The firm has extended its institutions of recent years by adding an accident-insurance fund, a building scheme, a library and other helps. Its interesting reports are printed back to back in duplicate — in German and in Hungarian.

Herr Roesicke, director of the brewery at Waldschlösschen in Dessau, provides for the sick the attendance of a physician, for a slight fee (intended only to prevent needless calls), and aid may be given for twenty-six weeks — in extreme cases for a year: the woman in childbed has a four weeks' allowance. For convalescents in summer a four weeks' rest is granted in a home in the Harz Mountains. A managing committee of workmen keeps the relief of sickness and distress at its proper level. The council has also supervision of the Kantine, or restaurant, which supplies coffee mornings and afternoons, and a meal at noon for 40 or 20 pf. The brewery will give a fair supply of beer to each household: beer-checks can be exchanged for coffee-checks. Milk is sold at a low price from the brewery farm, the preference being given to families with children; a cup of milk is given to each factory child in the afternoon.

Boys over six years of age receive instruction in gymnastics on Wednesday and Saturday afternoons, from five o'clock to 6.30. A course of industrial education is provided for girls over six: this was formerly in charge of Herr Roesicke's daughter. The firm furnishes the material, which is taken home by the children when worked up. The wishes of the parents are respected as to what their children shall learn, so far as possible, in these two-hour lessons on Wednesday and Saturday afternoons. The "Family-House" accommodates this school as well as the kindergarten, a reading-room and library. Billiards, cards and other games are provided. The house (built at a cost of 20,000 m., and supported at an annual expense of 5,000 m.) is open to the families of workmen as well as to the workmen themselves: bathing facilities are found in an adjoining building. Retired workmen are employed here, as far as may be.

The council allows loans from the Support Fund for desired improvements in the workmen's houses. Allotments of land, from one sixth to one half of an acre in size, are made to workmen who wish to raise their potatoes and other vegetables; ninety-seven families could do this. The firm ploughs the land and supplies dressing from the factory free.

The Brothers Heyl, in their dye works at Charlottenburg, a suburb of Berlin, formerly gave special attention to the practical education of children belonging to the establishment. Under the careful superintendence of Frau H. Heyl great pains are taken for them from their first entrance into the world. The woman in childbed is supported free with nourishing food (the husband getting his meals at the factory restaurant) for a fortnight by Frau Heyl and

her assistants (the former has written a pamphlet on the care of infants, which she distributes among the workmen's families). Apparatus for sterilizing milk and other utensils for preparing food for children who cannot be suckled by their mothers are provided free of expense: in 1887, eighteen women were thus attended.

The heads of the works believe that one cannot begin too early in imparting, by natural and attractive methods, a practical knowledge of housekeeping and other useful arts. So they established modest institutions, the Mädchenheim for girls and the Knabenheim for boys, with this end in view (these have lately been adopted by the town, but I describe them as they were operated by the firm). The children learn these useful matters after ordinary school hours. The little girls are first taught elementary things in a separate room of the Knabenheim, and are afterward transferred to the small workman's house, well furnished for the purpose, and they have an outdoor resort under the trees. Every household operation is carefully and systematically taught from the beginning, the processes being thoroughly exemplified and the reasons for them plainly given. But all is done, not in the way of set lessons, but after the manner of a happy family life in which little girls take pleasure in doing what their elders do, making the most agreeable kind of play out of the imitation. Thoroughly organized as the Mädchenheim is, formality is not visible; everything done is to be as far as possible from task-work. For instance, the girls cook a meal at five o'clock for the boys of the Knabenheim: the girls wait on the table and the boys are not chary of their compliments on the excellent cooking and service! The happiest results have followed from this highly practical combination of work and play, for some two dozen children, under the superintendence of a well-trained woman head: the cost to the firm is about 1,000 m. a year.

The A-B-C of industrial life is equally well taught, and pleasantly learned by the boys of the works, between six and



fourteen years old, on afternoons free from school, from two o'clock until six. The Knabenheim is an educational family community, like the other, in which a sense of honor, truthfulness and faithfulness are learned as well as a knowledge of practical arts pertaining to the house, to clothing, gardening and so on. The tasks are changed every week. Besides the woman head of the Heim (a comfortable little building) there are engaged, as need is, a shoemaker, a carpenter, a bookbinder, a gardener, a soldier (for drill) and other teachers. Excursions in the country round about, singing and amateur theatricals vary the informal exercises of the Heim: there is a gymnastic apparatus and a garden to work in. The boys themselves keep monthly accounts of their doings, entering their little wages occasionally earned (by pfennige), which are put into savings-books. At confirmation each boy receives thirty marks for a new suit of clothes. Much is made of economy by the teachers: everything is mended that can be, and nothing is wasted: the art-idea also comes to the front, from the Froebel-occupations up to the highest tasks given out to the twenty-four boys. A Christmas festival unites all the members of the works. The annual cost of the Knabenheim is about 1,100 m. Bathing facilities are abundant and convenient for the workmen and their families.

The housekeeping of the employees has been very favorably influenced by these two "Homes." Another step in the same direction is a continuation of the half-year in the Mädchenheim for some of the girls in the factory restaurant (Kantine). Though the parents of these rather backward or undocile girls are not easily convinced of the need of this supplementary training, it is of much use to them in their later life, in the factory or in service.

At his leather works in Worms, and the connected factories, Herr C. Heyl employs 3,902 persons. This house is an excellent example of the large and gradual development of institutions for the workpeople, as

their number increases. In Dr. Post's volume (1893) some six or seven arrangements are described; in the firm's large quarto pamphlet of 1896 (corrected to January 1, 1899), particulars are briefly given of more than thirty. I will summarize them still more briefly. Herr Heyl has a Sparkasse which at the close of 1898 held on deposit 360,862 m., one third of which was deposited that year; a Sparverein for young people, with deposits amounting to 66,928 m.; a Pfennigsparkasse, receiving 303 m. in 1898; an advance fund for loans up to 170 m. free of interest, which loaned 18,584 m.: a pension fund, founded and supported by the house, paying out 24,511 m. last year; a widows' fund, expending 6,430 m.; and a support fund of 25,000 m. given by Herr Heyl, and administered by a mixed committee. The Beamte whose salaries run from 2,000 to 5,000 m. receive from the firm one half of the premiums on life insurance policies of 8,000 to 16,000 m.; accident insurance is free for the Beamte not coming under the German law. Compulsory and voluntary sick funds are also found here; a kindergarten with 130 pupils; a sewing-school, counting 148 female workers in eight classes; and a cooking-school of 70 pupils in six groups. A fund of 110,000 m. has been given to the city of Worms for education of poor children; provisions, groceries, coal and beer are sold at cost (345,500 m. worth in 1898); there is a dining-hall for supplying meals at cost; coffee-houses run on the same plan. There is a boys' chorus, and vocal and instrumental associations. In the four bath-houses 91,809 baths were taken in work-hours; 700 bicycles have been bought for employees, to be paid for in two years; the firm takes pains to

improve the breed of goats, many of which are kept by the employees; clothes-closets, washing facilities, food-warmers, a reading-room, free copies of the Worms "Zeitung," continue the list to lectures and festivals in the great Vereinshaus. On account of the disturbance of regular work by commercial and industrial causes, the house has a system of wages for the unemployed (Wartegeld). This help is given first to unmarried women, in such a way as to aid the married force; married men with children are considered next: the Wartegeld recipients are frequently changed, so that many may benefit; in the last four years this expenditure has varied from 2,184 m. to 11,220 m. Finally, in 1897, the house established a fund to facilitate the acquirement of homes, of which 130 persons have already availed themselves.

The iron works Marienhütte near Kotzenau, the head of which is Rittmeister Schlittgen, has a workmen's council, established in 1874, in which the proprietors are not even represented. The choice of the members is entirely in the hands of the workmen, as well as the entire conduct of the meetings of the Ausschuss. The council meet in a pleasant room provided by Herr Schlittgen: on one side hangs a portrait of the Kaiser: on the other, one of Herr Schlittgen, bought by the workmen. The council has the usual powers of such bodies, and it also has the right to express its approval or disapproval of marriages in the force. Only one instance has been known in a long series of years of refusal to obey the council: this was naturally followed by the dismissal of the offender.

The following entry, taken from the records of the council, details the action of the session of March

3, 1876: it will give somewhat of an idea of the tone of these meetings: "In to-day's session of the Aeltestenkollegium, workman P. complained that workman T. had injured him by common scolding in a public house. T., questioned whether and why he had done this, declares he knows nothing thereof: but afterward he confesses that he might have done this, as he was then somewhat drunk. P. declares that he would be satisfied if he receives an apology from the offender: T. is called upon to give his hand to the complainant and to ask his pardon, which was done in presence of the council. — Smith R., again released from imprisonment, asks to be received to work again. The council decides by seven votes to four that, in consideration of his needy condition, he may receive employment, as an exception, if the management of the foundry agrees; he shall not be placed in a workshop, but simply be a transient workman (*Platzarbeiter*), in any case."

The Marienhütte maintains a continuation school for apprentices twice a week from five o'clock to seven P. M., a system of baths, and a club-house situated in grounds of several acres. The building contains a hall seating 500 persons, in which lectures are delivered monthly, and social meetings are held, and concerts given by the workmen's musical organizations, the *Gesangverein*, and the *Marienhütte Kapelle*. The library is increased by 250 volumes a year. The profits of the coöperative store fall to the other welfare-institutions. Herr Schlittgen believes heartily in the personal contact of employer and employed. "What is given to the workpeople should not be given with condescension: the *manner* in which it is

given is of consequence: human sympathy should plainly appear."

Kübler und Niethammer, paper manufacturers at Kriebstein, near Waldheim, Saxony, are a good example of German firms with numerous small and distinctively "patriarchal" arrangements for the welfare of their force. A household school for girls, a Turnverein of fifty members and a Gesangverein find quarters in a homelike building, surrounded by a garden, where two kindergartens are also located, one for children of the Beamte, and one for those of the workmen. Some twenty younger children of school age (over six) do household tasks in the forenoon, and play with the kindergarten children in the afternoon. A library for young people is in the same building. The annual Sedan festival is a time of rejoicing for all these children: they take part in a procession, enjoy refreshments, and receive small presents, as they also do on St. Nicholas' day. Wedding Bibles, song-books, handsome savings-books, and gifts to women in childbed (25 m. if she has been a year in the mills: she cannot return to work for four weeks) are minor matters. More important are the full payment of school fees by the firm for parents who have worked two years; if the parents have served ten years, they receive 30 m. at the confirmation of each child: the married man on military service receives two thirds of his usual wages. A Cautionscasse is a feature of these mills. Every workman must deposit in this security fund 5 pf. in a mark of wages each week until he has from 10 to 20 m. to his credit: for women, girls and boys under sixteen the sum is 5 m. When the deposit is fully paid, it receives 10 per cent. interest, but if a workman leave the mills without giving notice, his deposit goes to the sick fund.

An Alsatian house dating from 1746 is very notable for the thoroughness and generosity with which it

has steadily developed from the first a system of welfare-institutions. It is now an incorporated company under the name *Société Anonyme d'Industrie Textile ci-devant Dollfus-Mieg et Cie.* It carries on all branches of its general business, at Mühlhausen (Mulhouse), Dornach and Belfort, employing over 2,600 persons, and paying out more than two million francs annually in wages. M. Jean Dollfus, who died in 1887, was at the head of the house for sixty-one years. His chief stroke of philanthropy was the foundation of the workmen's cities, *cités ouvrières*, at Mulhouse. His son-in-law and successor, M. F. Engel-Dollfus, was a worthy follower. He was one of the founders, in 1851, of the Society for the Encouragement of Savings which built a home for old men at Mulhouse, and pays retiring pensions for many workmen. He erected at Dornach the building which has become the headquarters of organized charity, and a hall for lectures, concerts and gymnastics, with a library of 4,000 volumes. His "Association for Preventing Accidents in Factories" has fortunately had numerous imitators. A dispensary for sick children at Mulhouse; a triennial exhibition of paintings, and the new museum of the *Société Industrielle* are illustrations of what he called "*practical* socialism . . . the good socialism which consists in anticipating legitimate claims: let us view those claims not from the legal standpoint, but from our sentiment, our heart, and our judgment."

M. Engel-Dollfus held that "sickness, incapacity for labor and old age are certain elements in the life of the workingman, and they can be reduced to figures: we should combat these evils with instruments as certain." His calculation was that beyond

his daily wages the workman's needs are as follows: 1 per cent. (on wages) for infant, industrial and training schools; 1 per cent. for improved lodging; 4 per cent. for mutual aid in case of sickness and death; one half of 1 per cent. for women in confinement; the same percentage for life and accident insurance, and 3 per cent. for retiring pensions. Of the total 10 per cent., 3 per cent. may fairly be demanded of the workingman, in savings toward a home, and aid or retiring funds. The remaining 7 per cent. should be charged to the firm. In the Dollfus-Mieg house the various paternal institutions are supported chiefly by the interest on a fund known as the *compte de réserve ouvrière*. This reserve amounted to 786,000 fr. in 1889. On the incorporation of the business the former partners endowed the company with 1,000,000 fr. (afterwards increased to 1,100,000 fr.) for the philanthropic institutions and pensions. In 1898 these expenses were 151,000 fr., of which 44,000 fr. were met by the interest on the endowment, and 107,000 fr. were a levy on the profits — making together a bonus of 7 per cent. on the wages paid. In addition the company in 1898 paid out 35,000 fr., in accordance with the German laws providing for accident and old age insurance and sick aid. It was one of five firms in Mühlhausen to establish a life-insurance fund for its workmen. In 1890, under 1,000 fr. policies, 140 persons were insured, half the premium being paid from the fund — a practice also followed with respect to fourteen policies held by workmen in regular companies. In 1865 the house established a free collective fire insurance on the furniture of the workmen, 380 being insured in 1890 for 697,400 fr.

The Société Mulhousienne des Cités Ouvrières, of which M. Jean Dollfus was the lifelong president, renounces all profits in providing homes for workmen, and claims but four per cent. interest. The employee pays two or three hundred francs down (the company will advance this sum if requested), enters into possession, and makes a monthly payment which leaves him in thirteen years full owner. From 1853 to December 31, 1888, the number of houses thus built and sold was 1,124; in these thirty-five years the workmen paid in 4,584,021 fr., and there were due 424,949 fr.

The Société d'Encouragement à l'Épargne associated the employers and workmen of eleven establishments in Mühlhausen in order to provide retiring pensions for employees. The latter were to contribute 3 per cent. on wages and the employers a sum equal to 2 per cent. After some years most of the workmen and finally all refused to subscribe; but the manufacturers kept on as before. Dollfus-Mieg et Cie contribute 35,000 fr. annually, and 148 of their workmen receive pensions varying from 120 to 600 fr. A savings fund receiving deposits above 5 fr. and paying 5 per cent. interest has been more successful. There are 329 depositors, and 403,638 fr. on deposit. The house contributes 5,800 fr. as supplementary interest.

The long roll of the philanthropic institutions of this great corporation embraces two refectories, where the workmen's food is prepared for them, the larger having 88 tables for 600 persons; a connection with the maternity society in Mühlhausen at an expense of 4,000 fr. a year; and an infant school at Dornach for 200 children, costing 10,000 fr. annually. Every



year 35,000 fr. are allowed for these other services: the distribution of bread, meat and wine to sick and needy workpeople; the furnishing of fuel in severe weather and of refreshing drinks in the workshops in times of extreme heat; extraordinary pensions, and special, immediate assistance; aid to young men in college; and the expenses of some twenty sick workmen sent to watering-places. Lesser philanthropies are a hall and garden for the boys and girls during the legal play-hours, waiting-rooms and clothes-rooms.

Finally, to pass from small things to great, a fund of 400,000 fr. was established in 1883 by the widow of M. Engel-Dollfus and the three partners in the house. One half of this sum was divided among the older employees, according to their ages, wages and services rendered. The portions ranged from 250 fr. to 10,000 fr., and bore interest at 4 per cent. The other half went to constitute pensions, to which the pensioners contributed according to their incomes. In August, 1890, this provident and retiring fund amounted to 520,000 fr., and numbered 138 participants.

I do not wish to enter here into discussion of the motives which lead various classes of German employers to support the many and various welfare-institutions which I have just summarized. It goes without saying that of the three kinds of *patronage* which M. E. Cheysson names in his able report on the subject, — the military, the patriarchal, and the liberal, — only the last can commend itself to-day to the English or the American workman. Of the employers of the first variety, the “colonels,” as M. Cheysson calls

them,<sup>1</sup> Baron von Stumm of Harlenberg on the Saar, is perhaps the most prominent example to-day. This "coal king" is called the leading spirit, in the Reichstag, of the party of political and social reactionaries, the "Schärfmacher." Baron von Stumm builds houses and has "colonies" for the workmen in his coal mines and iron factories; he gives liberal premiums, and has established a library in his works. But he "fights the Social Democrats, and allows his workmen no liberty in thought or action." During a recent debate in the Reichstag, he denied that anything more is needed for improving the condition of the laboring classes, and "stood out for even abridging their present rights and benefits."

I presume that very few, if any, of the employers whose liberalities are described in this chapter sympathize with Baron von Stumm. The great majority would rank in M. Cheysson's other two classes; many, probably, among the "patriarchs." It has not been my concern, however, to analyze the motives of the employer: what he has done has interested me much more than his political or social creed. My readers will remember that the instances here given of welfare-institutions have been selected as the most important or interesting, while a much larger number have not been even mentioned by name, like the Austrian owner of the metal works at Berndorf, who has had a theatre built for his employees, where a company from Baden is to play twice a week.

<sup>1</sup> "The 'colonels' hold, above all, to their authority; their workers are their regiment; they grant (*octroient*) their liberalities, more than give them; they do so because it is their good pleasure; they dispense with gratitude in those whom they oblige." (*Rapport sur les Institutions Patronales, Exposition de 1889*, p. 35, Paris, 1892.)

The magnitude of the general movement may be inferred from these two facts: "Das Volkswohl," of Dresden, edited by Dr. V. Böhmert and Dr. Paul Scheren, in its first issue for 1899 gives a detailed "roll of honor" of German corporations. According to votes passed by 58 industrial companies, sums amounting to nearly 2,000,000 m. were appropriated for the benefit of their employees in the last six months of 1898. Of this amount statutory pensions took 896,000 m.; and free-will gifts 978,472 m. The Berlin "Arbeiterfreund," in a similar list, reports the gifts and foundations made by 105 corporations and 37 private employers, during the first two months of 1899, to have been 5,804,317 m.<sup>1</sup> Of this great sum, not far from one half went to pension and aid funds and foundations statutory and private; nearly one quarter for premiums, rewards and bonuses on wages; children's institutions claimed 330,000 m.; dwelling-houses nearly 300,000 m.; and art education 150,000 m. The journals mentioned are not the only ones devoted largely to welfare-institutions. There is a Zentralstelle of information and help in Berlin which publishes a considerable literature. The great importance of the movement in Germany will be apparent without further detail.

<sup>1</sup> Neither of these lists of corporations contains a name given in this volume.

## CHAPTER V

### PATRONAL INSTITUTIONS IN FRANCE

THE most striking feature of "patronal institutions" in France is the great development of the insurance of workingmen, in all its varieties. Compulsory insurance is provided by statute for mine employees only (law of June 29, 1894). The State makes incumbent upon all mine operators the same kind of insurance already provided by a large number of collieries.<sup>1</sup> Old age and sickness are made the objects of two distinct arrangements. To meet the former need the employer is required to contribute a sum equal to two per cent. at least on wages to some fund for the purpose (usually the Caisse Nationale des Retraites pour la Vieillesse, established in 1850), and also two per cent. retained from wages. The State makes no contribution, but the Caisse Nationale takes charge of the entire matter, receiving these sums for collective insurance from the employers, investing them, and paying the pensions.<sup>2</sup> The advantages thus gained in security and independence for the workman are obvious.

This state action only supplements a great variety of purely voluntary insurance schemes in which French

<sup>1</sup> In several cases that follow I have written of the earlier practice of mining companies.

<sup>2</sup> See, for full details, chapter iv. of the one comprehensive work on the subject in English, by Mr. W. F. Willoughby, *Workingmen's Insurance*, on such insurance in France.

employers of labor easily lead the world. In other industries than mining, the State Fund is equally open to the great number of firms that practice collective insurance of all their employees on the same lines as the mining companies: the French statute was, indeed, little more than a copy of the rules of the great Anzin mines. "It is impossible," says Mr. Willoughby, "to overestimate the importance of this kind of insurance. . . . From every point of view the collective insurance of workingmen is of the greatest importance. . . . It would be impossible even to make a list of the large concerns in France which maintain insurance funds for their employees . . . to an extent and of an excellence that are found in no other country in the world. . . . Their number would probably run into the thousands."

The seven railway systems which include nearly all the French lines offer the supreme example of the insurance plan. Of these, the Orléans Company occupies a peculiar position, as the State guarantees a certain dividend to stockholders, and allows the company to class the allotment for pensions (ten per cent. on wages) under "working expenses," the employee making no contribution. As I have previously described the profit-sharing experience of this road,<sup>1</sup> and Mr. Willoughby, in his excellent volume on "Workingmen's Insurance," has given many details of the insurance scheme of the Western Company (essentially the same as that practiced by the five other companies), I will confine my account mainly to the Paris, Lyons and Mediterranean System, the largest

<sup>1</sup> *Profit Sharing between Employer and Employee*, chapter v. pp. 213-222.



of all. In 1889 this company contributed 6 per cent. on wages for old-age pensions; the other lines vary from 5 to 8 per cent.; since 1887 most of them have had to raise the percentage. The Lyons Company (to designate it briefly) retains 4 per cent. of its employees' wages for the same purpose, the others from 3 to 5. The contribution from the men is usually paid into the Caisse Nationale in special accounts, the personal property of the employees. The contribution from a company is paid into a special fund, or the National Bank; both contributions may go into either.

In 1894 there were 56,760 persons insured belonging to the Lyons system. The receipts were, from workingmen, \$949,349.24: from the company, \$1,890,304.72: from interest and other sources, \$907,420.77 — a total of \$3,747,074.73. In this year 11,089 persons received pensions, to the extent of \$2,477,559.53, the administration and other expenses amounting to \$99,046.06, and the assets at the end of the year being \$22,096,667.08. The pension begins after fifty-five years of age or twenty-five years of service, the provisions being liberally construed. It is calculated to equal 2 per cent. of the average wages for all years of contribution, but cannot exceed \$2,400 in any case. One half of the pension is transferred to the widow, if the pensioner was married five years before leaving the service. Orphan children receive the same amount, equally divided among them and paid to them when they reach eighteen years of age. If an employee leaves the service, his deposits are returned to him, without interest.

The company lodges free all employees who are obliged to live near the station or the workshop. At

Laroche it has built thirty-three houses for its workers, realizing about  $3\frac{1}{2}$  per cent. in gross rental: only 10 per cent. of the lot is built upon. Each employee, on entrance into the service, is examined by a physician, and receives a certificate stating his sanitary condition and the special employment for which he would be fitted. If his wages are less than \$600 per year, he has free medical attendance. He is entitled to half-pay during illness, or to full pay if the sickness or injury was caused by the service. Twelve days' vacation are allowed those employees who do not have their Sundays and holidays free. The company allows for traveling expenses on its service: it provides for accident insurance, and makes a yearly contribution to the mutual aid society of its men.

The Orléans System makes special grants in money and in kind to sick or injured employees: this amounted to \$109,644 in 1886: it has stores at five principal points whence provisions, clothing, etc., are delivered at low prices anywhere on the lines: a refectory and a bakery are kept up in Paris, near the shops; evening classes for workmen and apprentices are supported, and a school and workshop for girls. The Northern Railway has spent 1,700,000 fr. in building houses for workmen, on which it realizes about  $2\frac{1}{4}$  per cent. gross.<sup>1</sup>

The most fully developed example of patronal institutions in France, as Mons. H. Brice says in his volume on this subject, is that set by the Coal Mines

<sup>1</sup> See "Les Institutions de Prévoyance des grandes Compagnies de Chemins de Fer" in the *Bulletin de la Participation* for 1898, 4<sup>m</sup>e livraison; and in the *Bulletin* of the Department of Labor, No. 20, "Condition of Railway Labor in Europe," by W. E. Weyl, Ph. D.

of Blanzey, situated in the department of Saône et Loire, eighteen miles south of Autun. The company, Jules Chagot et Cie, employs some 8,000 men and mined more than 1,100,000 tons of coal in 1892-93. According to its important "Notice" of 1894, a fine quarto document, the cost of its welfare-institutions of all kinds, in the year 1892-93, was 1,626,032 fr.; this amount did not include lighting the streets, interest on the value of the plant and various minor subventions, the number of which steadily increases. This sum means that the expense of extracting a ton of coal was increased 1.456 fr. by the existence of these institutions; that the average wages of the workman were virtually increased 20 per cent., and that the whole cost was 64.16 per cent. of the dividend paid to the stockholders.

Since 1834 the company has built more than 1,175 houses for its employees,<sup>1</sup> at an expense of 2,574,936 fr.: the amount of the annual rent-roll is over 40,000 fr., but this is absorbed entirely by repairs, taxes and expenses of management; "no attempt is made to secure a commercial return from the property." The rent of half of a two-tenement house, the style favored by the company, with a good-sized garden, varies from  $4\frac{1}{2}$  to 6 fr. per month. The four *cités* present a very pleasing appearance, with their red roofs contrasting with the abundant green of the gardens and trees. The company sells land at a low price on time payments: and it formerly advanced 1,000 fr. to be paid within ten years, without interest. By 1889 the sum of 500,000 fr. had been thus loaned, and one sixth was still due: 1,079 workpeo-

<sup>1</sup> Dr. Gould's *Report*, p. 357.



ple, 29 per cent. of the whole number, were owners of their homes. Since April, 1893, the company has made the same advance to the workman wishing to build, but has modified its form. The workman gets his life insured on a fifteen-years policy for the sum needed to build, and "La Prudence" (the coöperative bank to be described later) makes him a loan of the same size. The company's aid goes to make the conditions of the loan safe for the bank and very easy for the workman. In one year 113 workmen availed themselves of this new arrangement which makes the policy-holder at the end of fifteen years the proprietor of a house worth 2,500 fr., he having paid, altogether, in interest and premiums, only the equivalent of ordinary rent.

The Mutual Aid Society, with 7,834 members, received in 1893, 467,957 fr., of which the employees paid 219,336 fr., and the company 215,260 fr.: the expenses were 449,004 fr. While this society gives aid when wounds and illness have been contracted outside of the mines, or by the fault of the employees, and pays for school supplies for the children, it does not provide retiring pensions. The assessment on the workman (*ouvrier*) is  $2\frac{1}{2}$  per cent. of his wages: on the clerk (*employé*) it is 1 per cent. of his salary: the company contributes an equal amount. It pays the fees of three physicians, the druggists and the sisters nursing in the hospital and attending the sick in their homes. The hospital, pharmacy and dispensary buildings were furnished by the company, but are maintained by the society.

The company makes retiring allowances to all its employees connected with the mines after thirty years

of consecutive service, and fifty-five years of age. The pension may be as large as 900 fr. The 375 pensioners in 1893 enjoyed other privileges which are estimated as equal to 150 fr. a year. A similar fund for clerks is supported by a reservation of  $2\frac{1}{2}$  per cent. of their salaries, to which the company adds an equal sum. After twenty-five years' service and fifty-five years of age, the clerk can retire on his pension. Widows and orphans can claim one half of the deceased husband's or father's pension. The company employs women and girls in sorting coal only: desiring to abolish the work of women in the mines, it established a weaving-mill which employed 406 women in 1894. Young women receive instruction in handicrafts in industrial schools (*ouvroirs*) and learn to make and repair garments: the 355 girls in these shops earn on an average 22 fr. a month, besides learning the trade. Social rooms are provided for women and girls. The company supplies free of charge all the coal needed by its men at an expense of some 500,000 fr. a year: it furnishes them the most necessary kinds of provisions and groceries at reduced prices, saving the entire force more than 200,000 fr. a year.

The interest of the company in education is great. It supports fifteen primary and six infant schools for 6,292 children, taught by 118 instructors. Free evening classes in the winter are attended by 200 to 250 young persons: a drawing class is held on Sunday. The original cost of these schools was 800,000 fr.: the expense of maintenance in 1893 was 176,405 fr. The Union for Sport is an association of a number of athletic and musical organizations, all of which are

subsidized by the company. The workmen have a gun club, an archery club, gymnastic and fencing organizations, two brass bands, and an "artistic group," in this "Union Sportif." The union holds an annual festival: it maintains courses of lectures in the winter on history, economics and other subjects, and a kind of "traveling library" system for the different villages. The patronage of the company extends to the Physio-phile (a natural history class) and a number of young people's societies, each of which has its chorus, and animates the miners' life with games, fêtes and excursions. Rooms and halls provided for all these societies free of rent, as well as contributions to the extent of some 20,000 fr. a year, show the interest of the company.

There is a Central Committee, under the presidency of the director, in which all the associations — educational, recreative and economic — are represented: the needs of the various societies are discussed at the monthly meetings, and recommendations made for their work. The company favors individual initiative whenever it is manifested, and warmly desires to see its own "paternalism" superseded by the independent action of the workmen in the twenty, or more, organizations which it assists. Twelve coöperative bakeries are in successful operation by the employees: most of these are in close relations with "La Prudence," a very important mutual-credit institution, with shares of 50 fr., held by the working force. Out of 400 members in 1890, more than 350 were workmen: the capital is 80,000 fr. In the council of fourteen members eleven are workmen. Primarily intended to aid in the economic education of the force, it is now a real bank,

as well as a headquarters for the economic life of the community. It controls two savings-banks, one for shareholders and one for children, "La Tire-Lire" (money-box), guaranteed by the company. "La Prudence" incites the workmen to buy for cash in all directions and obtains discounts for them: it paid eight per cent. dividend in 1889.

The many remaining beneficences and associations of the company include the support of religious institutions (it has built a church and three chapels); free baths at Les Allouettes, open all the year round: the reception of deposits at five per cent. interest; assistance to the society of *Anciens Militaires*, to firemen, to orphan schools, and other charities in the vicinity; and other minor gifts, regular or irregular. Wages have had a steady upward tendency, while coal has gradually fallen,—the company maintaining profits by improving the processes of production. The force is comparatively very stable: one fifth has worked more than twenty years, and one twentieth more than thirty-five years.

The princely generosity and the long experience of this company with its *institutions patronales* impart great weight to its judgment in respect to the transformation which it is desirable that these should assume. The company says that it "has always been among those who think that an employer has not cleared himself with respect to his workpeople when he has punctually paid them the wages they have earned, but that he has social and moral duties to fulfill with regard to them and their families." The welfare-institutions at Montceau-les-Mines are very many and some are of long date (thirty-nine were erected from 1834

to 1853): but the company found that the system did not develop personal initiative: as the workmen did not direct the institutions nor pay toward most of them, they were not interested in them, and the company thought itself ill repaid for its well-meant efforts. Instead of reacting into indifference toward the employees, the company most wisely decided to revise its faulty methods. It has therefore established some sixty institutions, large or small, of which the administration is almost entirely in the hands of the workpeople. "It was a veritable education to be given, . . . and they have rapidly acquired it." Instead of lazily accepting the institutions devised for their benefit as their right, they learn to count on themselves and to appreciate the liberality of the company in coöperating with them. The company is now well pleased with its methods, gradually changing them, as it says, from patronage alone to patronage with association, and it closes its "Notice" of 1894 with these manly words: "We do not at all claim to have solved the social question, but we do claim that we have conquered the confidence and even the affection of a very large number of our workers, whence results that social peace we have enjoyed for a considerable space of time. We are ambitious to labor energetically and with absolute persistence to consolidate and develop this peace, and we shall not hold back from any effort for such success."

The Mining Company of Anzin (dating from November, 1757) is fitly named next. It employs over 10,000 workmen in its coal mines near Valenciennes (Nord). It has given up building workmen's villages on the usual plan, as not conducive to health or good

morals ; up to 1897 it had built dwellings for 2,704 workers, with gardens. These are let for 6 fr. a month (representing some  $2\frac{1}{2}$  per cent. of the cost of land and buildings), which is about 5 per cent. of the miner's wages. The company keeps the houses in repair. The workman wishing to buy a house can pay the cost price without interest in monthly installments, about the same in amount as the rent usually paid in the neighborhood: ninety-three men had thus acquired homes. Workmen who wished to build, to the number of 741, had received advances on the same terms, to the amount of some 1,500,000 fr., most of which had been repaid: the interest which the company thus declined would have amounted to 223,800 fr. Out of 70,000 acres which its operations cover, the company lets 205 hectares to 2,500 persons at low rates. A coöperative store founded in 1865 by the workmen, under the auspices of the company, is entirely independent of it: the central store has fifteen branches: out of its profits it pays semi-annually 10 per cent. to sixty-seven agents, and a dividend: the dividend to its 4,120 members amounts to 120 fr. a year: only one or two shares can be owned by one person, at 5 per cent. interest: the annual turnover is 2,000,000 fr.

The Anzin Company does not now desire to encourage savings in its bank (3 per cent. interest) since the establishment of the Government Postal Banks: so the deposits by 1,431 persons in 1877, to the amount of 1,940,000 fr., had fallen in 1897 to 273,923 fr. deposited by 226 persons. Six mutual aid societies are supported by the workmen, the accounts being kept by the company. Assessments on the workers' wages, fines, and frequent contributions

from the company supply the treasury. In 1896 there were 11,094 members: the receipts were 252,174 fr., the expenditures, 234,014 fr. From January 1, 1887, to 1894 the company deposited in the National Retiring Fund for each year a sum equal to  $1\frac{1}{2}$  per cent. of the wages of the workman, the latter making an equal payment; the law of 1894 increased the contribution for both parties to 2 per cent.; this payment continues until the workman is fifty-five years of age. The company's whole contribution in 1896 for pensions, aid and service premiums (100,000 fr. for an endowment of these premiums) was 902,767 fr. A workman entering at thirteen and retiring at fifty-five years under this system, aided by a supplement from the company, would enjoy a pension of 560 fr.: his widow would receive 170 fr. a year. In cases of infirmity or serious wounds, he receives his pension and a further sum which may reach 180 fr. a year: if he should be killed at his work, his widow would be entitled to a yearly grant of 180 fr., to which is often added a bonus of the same amount: the parents of workmen killed enjoy the same advantages. The *employés* are also entitled to pensions, the expense being 295,493 fr. in 1896. Before the introduction of free public education, the company paid all the expenses for instruction of the younger children connected with the mines. It now supports one school for boys and two for girls: it has given two schools and four kindergartens to the neighborhood. Its school-bill for 1896 was nearly 26,000 fr. Its special technical school receives the best pupils from the lower grades, under the management of the engineers. The company has built four Roman Catholic churches, and it pays the

salaries of two curates. A special fire fund provides compensation for the seventy men in the service, in case of injuries received, and pensions to widows. A developed system of free medical attendance is to be found at Anzin, costing the company, in 1896, 137,619 fr. The workman receives twenty bushels of coal a month free : in case of sickness or of very large families this amount is increased : in 1896 the coal so distributed was valued at 425,427 fr. The child at its first communion is given a bonus of 12 fr. : the workman does not pay for his first suit of clothing for work in the mines : the wife of a workman on military service receives an allowance : several musical societies are subsidized : prizes are offered for skill in archery, ball games, etc. : a library for workmen is open on Sundays. When bread rises above some  $3\frac{1}{2}$  cents a pound, the company distributes it at this price : in 1873 this distribution cost \$26,600. The total cost to the company of its long roll of patronal institutions in 1896 was 2,211,249 fr. : the sum for this purpose in 1888 equaled a dividend of 12 per cent. on wages, or 47 per cent. of the dividend paid to stockholders. Although the gross amount in 1896 appears larger than that spent at Montceau-les-Mines in 1892-93 by the Blanzky company, this is probably due to different methods of making up the account. The proportion of the welfare dividend to wages and to the stockholder's dividend is considerably higher at the Blanzky mines.

Several other French mining companies may be noticed briefly. The Company of Roche-la-Motiere-et-Firminy (near St. Étienne, Loire) supports two hospitals, and supplies free medical attendance and medicines for its 2,691



employees; they have their coal free, and the education of their children is partly defrayed by the company, which also cares for orphan children. The relief fund spent \$24,600 in 1888, and the pension fund \$6,440; the latter is supplemented by a provident fund. The whole cost of the institutions was \$44,823, which was equivalent to \$16.65 for each workman, to 7.07 per cent. on the total of \$633,683 paid out in wages, and to 7½ cents on each ton of coal mined.

The Montrambert Company has similar provisions in the way of funds and hospitals, baths and schools: a mutual aid society and a band are subsidized. The expense for these institutions was \$41,620 in 1888, about \$19 for each workman.

The Company of Bessèges (Gard) assesses its workmen for 2 per cent. of their wages for a sick fund. It maintains at its own expense a fund of equal size for the wounded, "who accept literally and strictly the conditions for indemnity fixed by the company." If an employee will regularly deposit in the National Pension Fund 3 per cent. of his salary, the company will deposit to his credit 2 per cent. The company pays gratuities every year to a number of workmen on the ground of long service, punctuality, civility and good conduct, usually about one tenth of the wages; it spent on schools \$39,181 in 1889. Its donations in 1888 were \$69,000, a sum equal to \$28.59 for each workman.

The Lens Mining Company (Lens, Pas de Calas) have built 171 small houses in their Cité St. Édouard, which their workmen rent for less than one fourth of the ordinary charge. The Mining Company of Courrières spends over 28,000 fr. and that of Liévin more than 27,000 fr. on schools.

Messrs. Schneider & Co., proprietors of the immense steel works at Le Creusot (Saône-et-Loire), are worthy rivals of the Krupp firm at Essen, in their

liberality toward their 12,338 employees. They have built 1,200 houses, with gardens about them, which are rented at very low rates; the firm also defrays the general expenses of the *cités ouvrières*. The same method is pursued at the Decizes mines and other mining properties of the firm. In 2,391 cases, between 1837 and 1889, there were advanced to workmen, to enable them to purchase land at reduced price, and building material, 3,292,671 fr.; of this amount there were due January 1, 1889, 227,203 fr. Advances are made for acquiring houses already built, and for the improvement of old houses and of grounds and gardens. In the neighborhood of Le Creusot some 3,000 workmen's families thus enjoy comfortable homes of their own.

Down to 1882 the firm paid the entire expense of five schools for boys: since that year the city has supported four of these and the firm the advanced school with eight teachers and 300 pupils. In the other schools under patronage of the firm there were 967 boys and 1,781 girls, and in the infant schools 1,858 little children. Several churches in Le Creusot and the vicinity were built and are maintained by it. The firm receives deposits from employees, and it held on January 1, 1889, the sum of \$1,839,929 from 3,049 depositors. The firm paid 5 per cent. interest until 1878, since then 4 per cent., the maximum deposit being 2,000 fr.

A provident fund existed from 1837, the year of the foundation of the house, until 1872. It is now an aid and retiring fund, supplementing the contributions to the National Retiring Fund. The firm pays a sum equal to 3 per cent. of the workman's wages

and 2 per cent. of the workwoman's to this last-named fund for independent pensioners: the book is personal property, and an employee leaving the house takes it with him. A "Bureau of Beneficence" is aided by the firm in helping persons whose pensions are insufficient: the annual amount has been over 80,000 fr. in recent years. A Home for the Aged, costing 340,000 fr., shelters sixty-five men and women; a hospital with 110 beds is due to a union of Le Creusot and private generosity. Medical service is rendered free at the works, and the rules are liberal, admitting the entire family of the workman and former workpeople.

The beneficent institutions of the steel works at Le Creusot demanded for their support in 1888, 1,632,000 fr., or 136 fr. for each workman, who thus received the equivalent of 10 per cent. on his wages. There was a famous strike at Le Creusot in 1870; but the general stability of the force is surprising, even in Europe. Out of 12,338 workers 4,000 have served over 20 years, 2,851 over 25 years, and some 1,500 from 30 to 69 years. In the same family one sometimes sees a workman-father, an overseer-son, and an engineer-grandson. The statue of Eugène Schneider, in one of the public squares of Le Creusot, was erected by a subscription of the workmen.

The Gouin Construction Company in Paris builds bridges, railways and all kinds of public works: it employs some 7,000 persons. The present head of the firm is M. Jules Gouin. The company gives pensions to the widows and orphans of workmen, and liberal allowances to those who have grown old or become disabled in the service of the company; there are baths, a pharmacy, free medical attendance, a mutual aid society (to which the men contrib-

ute voluntarily, and which they administer), together with supplementary funds for rendering various forms of assistance in exceptional difficulties. The peculiar conditions of this business, wherein periods of nearly total stagnation frequently follow those of tremendous activity, have produced an extremely flexible social system. "We have few formulated methods of relief," says M. Gouin, "but the heartiest personal interest in our workpeople. They know this, and are absolutely certain of receiving reasonable and tangible help in time of need. This knowledge and this confidence form the basis of their content and their good conduct."

The proportion of men who have been in the company's service between ten and forty years reaches 45 per cent. among the lower, and 50 per cent. among the higher grades of employees. Strikes are unknown among them; even during the "black periods," when hundreds of employees have of necessity been turned away, no disturbance has ever occurred. At such times neither chance nor favoritism has anything to do with one man's retention and another's dismissal. These matters are regulated according to a rigid rule, which is based entirely upon the length of individual service. When the period of depression is at an end, the same rule determines the order in which the men shall be recalled.

M. Gouin has recently completed, at a cost of \$320,000, a magnificent addition to his social schemes, which is intended to benefit, not merely his employees and their families, but the whole working population of the Clichy quarter. This addition comprises a surgical hospital (with dispensaries for out-patients), besides two blocks of "habitations économiques," or model tenement-houses. The buildings — the hospital and the tenements — stand on opposite sides of a square which has frontage on four streets, and are separated by a large, beautifully laid-out garden. The hospital, which is literally surrounded by gardens, is so placed as to have a great number of sunny rooms, and it fulfills the strictest

requirements of medical and surgical science. The use of it is intended for self-respecting people of the working class. The surgical attendance is free, but patients pay for their board, — fifty cents per day if in a ward, or one dollar in a private room.

The two model tenements are five stories in height and contain sixty-five flats, each of them consisting of a good-sized vestibule, either one or two bedrooms, a kitchen, and a water-closet with abundance of water, besides a locked compartment in the cellar. There is not one dark room in either house, nor a single window that looks upon a court. Every room faces either the street or the pretty garden; the corridors and staircases are as well lighted as the flats. In each kitchen is a convenient little cooking-range (which takes up less space than a stove), gas and water, the latter being supplied from an artesian well 280 feet deep, another of M. Gouin's constructions. The rents in these houses range between \$45 and \$60 per year, according to the position and size of the flats. At these low figures — at least one third less than is asked for inferior lodgings of the same size in the neighborhood — this kind of property in Paris yields a net income of 4 or 5 per cent.<sup>1</sup>

A brief account will suffice of the patronal institutions of several other iron and steel works in France. The Society of the North and East builds neat houses, with gardens, which it lets at rents producing an interest of 3 per cent. on the investment. It supports a school and adult classes. It retains 2 per cent. on wages for an aid fund, making up a yearly deficit of \$2,200, a special aid fund being supported from profits. It insures its workmen against accidents, and pays 5 per cent. interest on deposits by the workmen.

The Company of the Iron Works of Champagne and the Canal of St. Dizier at Wassy adds to the compulsory 2 per cent. contribution from wages for an aid

<sup>1</sup> The above account is slightly abridged from the letter in the *New York Evening Post*, before quoted on p. 94.

fund (10 per cent. for the first month) a variable amount. To the retiring fund it gives \$2,400 a year and half the profits of the company's stores. The income of this fund helps to pay educational expenses, and for gymnastics and festivals, as well as for the usual objects of such funds. The schools provide for 346 pupils. An apprentice school teaches girls to sew and make up garments. In the second year the girl receives fifteen cents a day, and in the third all the wages she can gain. The whole sum is put in a savings account payable at marriage or coming-of-age. The workmen are assured, as a body, by the company against accidents: it receives deposits from them at six per cent. interest. The stores sell for cash on checks furnished three times a month by the company, and debited on wages. The second half of the 10.75 per cent. dividend goes to the buyers: trading at these stores is voluntary. Aged workmen are appointed to light work or sheltered in comfortable homes. The individual worker sees his real compensation increased by these various institutions \$11.12, the whole expense for the works, being about \$19,570 a year.

The efforts of MM. Les Fils de Peugeot Frères, manufacturers of iron, at Valentigney (Doubs), to house their force of operatives find an unusual obstacle in the general refusal of the workpeople to buy the cottages or tenements built by the firm. The men "prefer to buy land and build houses according to their own taste." But the firm advances money to help them. It gives to a mutual aid society a subsidy equal to one third of the subscription from the employees, and supplies the sick with help in kind, to an amount equal to the money aid from the society. It pays pensions after the usual regulations, half of the sum reverting to the widows and orphans. It pays interest at 4 per cent. on workmen's savings deposited with it, and insures the entire force against accidents at its own expense. Two coöperative stores sell to the workmen and the public, but only the workmen are eligible as shareholders (there were 250 of these in 1889): 75 per cent. of the profits go

to the consumers: 15 per cent. to the reserve fund and the shareholders. At a bakery established by a coöperative society, bread is sold at 5 per cent. above cost. The firm has built and maintains four schools and two infant schools: a hospital has been founded by M. E. Peugeot.

What Mr. Willoughby calls "the most important step that has yet been taken in the development of voluntary insurance" (p. 114) is due to the *Comité des Forges de France*, an organization similar to the Iron and Steel Association in the United States, and including all the leading manufacturers. The *Caisse Syndicale d'Assurance Mutuelle des Forges de France* was founded in 1891 for the purpose, in the first place, of coöperation in general insurance of workmen in this industry against accidents. Membership is optional, but the hope is that it will come to include practically all such concerns. The total amount in wages paid by each establishment is taken as the general basis of contribution. The establishments are grouped in three classes according to the risk incurred: and the general basis is qualified by one of the three coefficients of risk thus obtained. The maximum is 1.80, 1.50 or 1.20 fr. per 100 fr. paid in wages: "in practice, this maximum was required only the first year." A system of rebates provides for returning to each establishment "the difference between the amount of their contributions and the amount paid to their employees in indemnities." In 1895 this *Caisse des Forges* had 46 members and insured 56,110 employees: its receipts (dues and interest) were \$178,676.45 (the rebates being \$14,889.83): its expenditures were exactly equal: the assets, in the funds for pensions, unadjudicated claims and reserve,

amounted to \$318,960.54. Encouraged by the success of this very soundly organized fund, the *Comité des Forges* established a similar fund in 1894 for insurance against old age and invalidism. Its accident fund finds companions in the insurance funds of the masons and the plumbers of Paris, and in the national fund of the textile manufacturers of France, organized in 1895.

The great woolen factories at Cateau, Bousies, and Mauvois (Nord), founded by M. Paturle-Lupin in 1819, are now owned by Seydoux et Cie. The house employs 2,821 men, women and children beside 800 hand-weavers outside the mills, and 184 *employés*. The total bill for wages and salaries is 3,050,000 fr. a year : the capital is 17,000,000 fr. : the working-day is eleven and a half hours, and the day's wages run from 1.50 fr. to 5 fr. Premiums on production may amount to 11 fr. a loom per quarter, and like the quarterly premiums for regularity (12 fr.), they amount to 12,000 fr. a year.

Seydoux et Cie divide 25 per cent. of their profits among seventy of the overseers and the clerical force, but the great body of the workers receive the benefit of a large variety of institutions due to the kindness of the firm. A savings-bank, established in 1866, pays 5 per cent. interest on deposits below 1,000 fr. and 4 per cent. on larger sums. There are 200 small depositors, depositing an average of 100,000 fr. a year : the whole amount held is nearly 3,000,000 fr., belonging to 325 persons. Retiring pensions were paid by the firm in 1890, to the extent of 31,300 fr. : 18 *employés* had pensions varying from 800 to 1,200 fr., and 37 workers of both sexes received from 150 to 400 fr. Supplementary pensions for the latter class



are paid from a fund to those who have been forty years in the service of the house. The income of another fund of 200,000 fr., left by Madame A. Seydoux, goes to increase all the pensions granted. Aid funds — supported by fines, a gift of the same amount, and additional subventions from the firm — give medical aid and money help to all the workers, but especially to widows and their children. Women in confinement receive ten days' pay. Bath-houses, at ten centimes a bath, are open to all. The firm pays the excess of expenses over receipts (2,500 fr.) of a diet kitchen which provides soup, vegetables and meat at six cents a meal. It supports a crèche where thirty-five to forty infants are received for twenty centimes a day (the expense being sixty-four) after they are fifteen days old. They can remain here until old enough to attend the infant school, at three years. This school numbers 300 children, and the firm likewise maintains a school for 200 girls. The small city of Cateau possesses a hospital, a maternal home, a home for old men, an infant school and a supply of drinking-water, provided by the generosity chiefly of Mmes. Paturle-Lupin and C. and A. Seydoux.

These patronal institutions at Cateau represent a gift to each of the 1,746 workpeople there of 65.70 fr. a year. Entire families may be found in the establishment, and more than a third of the adult force counts at least fifteen to twenty years of service. There has never been a strike at Cateau, and but one slight disturbance has occurred at Bousies.<sup>1</sup>

The Thaon Blanchisserie et Teinturerie (Vosges)

<sup>1</sup> See the *Bulletin de la Participation aux Bénéfices* for 1892, pp. 67-73.

is a much younger house than the Seydoux. It was founded in 1872, six miles below Épinal, on the Moselle, to take the place in the French market of similar establishments in Alsace. Mons. A. Lederlin, the director, soon began a coöperative store in the new village. In 1892 it did a business of 144,243 fr. on a very small capital, at a profit of 21,415 fr.: the average dividend is 11.82 per cent. on purchases — 2 per cent. goes to the provident fund. A mutual aid society, assisted by the company, held a surplus, at the close of 1891, of 147,856 fr. A part of this sum is invested in mortgages on houses built by workmen, forty-eight of whom had thus been aided by December 31, 1892. A savings-bank allows 5 per cent. interest: the deposits in this bank, a branch of the Épinal Bank, and a school bank were over 2,000,000 fr. in 1892.

The Thaon company gives 5 per cent. of its profits to a retiring fund. Beginning with the first year of profits, 1880, the fund reached 375,721 fr. by 1892. The pensions vary from 500 to 600 fr.: smaller pensions are provided by the mutual aid society. M. Lederlin supplements the work of these two funds with a system of baths, a refectory, a gymnasium, drawing and manual training schools, a library and a reading-room. A gun club, a brass band and a choral society have been organized since 1879. M. Lederlin has endeavored to bestow on his employees "all the moral, intellectual and material resources which spring from the study and the conscientious and disinterested application of the great problems of social economy."

The Société Anonyme de Tissus de Laine des Vosges at Thillot and Trougemont in that depart-

ment gives employment to 727 workers, with an output of 5,000,000 fr. The rules of the Société (1870) reserved 15 per cent. of the profits for the employees. Until 1889 this went to support a fund for "gratifications" (which amounted to 50,000 fr. in 1890) and to create various provident institutions like those at Thaon. In 1889 the Société transferred the maintenance of these institutions to "general expenses," granting the 15 per cent. in a direct, individual scheme of profit sharing. The institutions supported by the collective participation include an aid fund (now kept up by 1 per cent. reserve on wages): a retiring and accident-insurance fund, maintained chiefly by the Société, and a very successful coöperative store. A *pension* for unmarried men furnishes lodging, light and washing free for thirty persons: board is 1 fr. 10c. a day. No spirituous liquors can be used in the house and only steady workmen are admitted. The Société has interested itself in low-cost houses — tenements and cottages — for the married men. It provides a school for apprentices, who are paid wages from their entrance. Other institutions are a hydro-pathic house, a general school, a library and musical societies.

The Waddington Sons Co., cotton spinners and weavers, employ some 1,250 persons altogether at St. Remy-sur-Avre (Eure-et-Loire), paying out over 1,000,000 francs a year in wages. To the mutual aid society, founded in 1827, the firm turns over the fines paid, and subscribes \$300 annually: to the library founded in 1885, \$120 a year. It has built 164 small houses with gardens, rented at a low rate. The company supports entirely at its own expense a crèche, with 59 children cared for in 1888, at a cost for that year of \$859: a maternal school, for 92 chil-

dren, at an expense of \$875 : free schools with obligatory attendance, and gratuitous text-books ; the payment of wages to men on reserve-military duty : accident insurance and retiring pensions. In 1888 there were 74 workmen on the retired list with an average pension of \$45. The mutual aid society gives no help where sickness is caused by drinking habits.

Mons. F. Abrand, manager of the spinning-mill at Courtivron, has a relief fund of the ordinary kind for cases of sickness or accident. A peculiar institution is the encouragement of savings by offering what amounts to a very high rate of interest. To any sum from sixteen cents up to eighty left in the postal savings-bank monthly by an employee, M. Abrand adds 25 per cent. No part of the whole deposit can be drawn before the end of five years if the depositor wishes to receive the extra amount from the house. A new period will begin at the end of the first five years. In case of dismissal from employment for fault, the 25 per cent. increase goes to the relief fund : the workman must not fail to deposit at least sixteen cents a quarter to avoid loss. If a man deposits eighty cents a month for a year, at the end of that time he will have, including interest and 25 per cent. bonus, \$12.19 for the \$9.60 saved from wages — an increase equal to 27 per cent. interest.

At Elbœuf (department Seine-Inférieure), thirteen miles from Rouen, MM. Blin et Blin, cloth makers, themselves insure their workmen against accidents, after an unsatisfactory trial of insurance through companies. A relief department in the works gives immediate attention to an injured person ; he is cared for until well again by the house : his wages continue : and if he is partially incapacitated, he receives assistance in proportion to his disability. A pension is given to the widow of any workman killed in the mill.

M. Albert Lung, in his cotton-mills at Moussey and La Petite Raon (Vosges), supports schools for children and adults ; receives workmen's savings at five per cent. ; advances sums to help the employee buy real estate, or in

sickness, or to put an end to purchasing goods on credit — the advances being repaid in monthly installments. He has built houses for some \$500 each, which he lets at \$2 a month, or sells for \$400, payable at the rate of \$5 a month, with interest at 5 per cent.

Messrs. Saint-Frères, spinners and weavers of cotton and flax at Paris and Rouen, have built 453 cottages, at an expense of \$222,000, which they rent to their workmen at such a figure as to realize scarcely  $1\frac{1}{2}$  per cent. on their investment. They maintain schools in their different factories. An aid fund, a retiring fund and an accident-insurance fund are supported by an assessment of ten cents a fortnight on each of the male workpeople, and seven cents on each woman and child : by a subscription from the firm equal to one third of this foregoing sum : by fines : by gifts, and by interest at four per cent. paid by the firm on the capital.

M. D. Walter-Seitz, a cotton spinner and weaver at Granges (Vosges), has built thirty-seven stone houses (two stories high, with gardens) for rental to his workpeople at two thirds of the rental charged in the neighborhood. He defrays the whole expense of sickness among his 500 employees : he insures them against accidents and their household goods against fire. He allows five per cent. interest on deposits, and supports a maternal school receiving children up to six years of age.

Villeneuve is the name of an interesting industrial establishment founded by Colbert, Louis Fourteenth's famous minister, in 1666. It is engaged in making cloths for the army, a business subject to great fluctuations, being in some years four times as large as in others : the contract system is also a feature involving much uncertainty. Villeneuve itself is a commune (near Clermont l'Hérault) inclosed by a wall with gates, opened at 4.30 A. M. and closed at 9.30 P. M. The workmen prefer to reside in the commune so far as possible, in the seventy dwellings which are rent-free. They are supplied with medicines and

medical attendance by two physicians of the adjoining town for 8 fr. a year. There is great stability in the force: four families have lived and worked there for more than 140 years: over 140 persons have worked more than thirty years. The directors of Villeneuve take pains to keep their men employed, preferring to lose a more or less considerable sum rather than shut down the works. The consequence of this policy is that Villeneuve, though possessing few patronal institutions, is a home of industrial peace: A most important factor in the situation is doubtless the fact that the employer lives amongst his workpeople in simple style. "Now as formerly," writes M. Maistre, "what is asked by the workingman is not so much a high rate of wages as security for the future. The best way to give security to the workingman is to live with him."


Janvier, Père et Fils et Compagnie, at their ropewalk, Le Mans (Sarthe), furnish gardens for their workmen large enough to supply vegetables for a family. The men generally live two or three miles away, so that the firm established for them a restaurant capable of supplying food for 200 persons: the annual deficit is from 600 to 1,800 fr. The men are insured by the firm against accidents, which are very infrequent (three serious ones only in twenty-eight years). The relief fund, founded by the house and maintained by a donation and fines, provides medical care and medicines: wounded workmen receive full wages, and the sick the usual aid. The firm also divides profits with its force.

In the same town A. Cheppée, founder and builder, pays pensions to members of the Mutual Benevolent Society, which provides for cases of sickness and accident.

The Glass Works at Baccarat (Meurthe-et-Moselle), like Villeneuve, furnish free lodgings for the glass-workers proper in houses built by the company, with small gardens about them: 224 households, consisting of 897 persons, were thus housed in

1888. The dwellings represent an investment of 800,000 fr. in addition to the cost of maintenance. The company does nothing more in this line for the rest of its 2,000 employees. Its provision for schooling is elaborate, comprising an infant school (with 100 children from three to six years old); a primary school for 130 girls, from which they can enter an industrial school where they learn sewing and house-keeping (thirty-five in 1888); a school for apprentices between twelve and fifteen years old, kept from five to seven o'clock P. M.; a more advanced school for the apprentice cutters, engravers, carvers and draftsmen, giving a year's instruction, followed by the school of design, obligatory on the same persons, who work here from 4.30 P. M. to 6 P. M. The company supports the vicar of the parish, who conducts service in the chapel of the manufactory, a philharmonic society, and free medical service from a physician living at the works.

There are three mutual aid societies for the glass-makers, the cutters and the other workmen, administered by councils composed of a majority of operatives elected by the force: 215 persons are aided each month on the average. The three societies paid out, in 1888, 27,000 fr., and received 28,000 fr., — 17,000 fr. from the workmen represented assessments varying from 1 to 2 per cent. on wages, and 11,000 fr. from the company was a 2 per cent. contribution on the total wages: interest is paid by it at 5 per cent. The company provides for cases of accidents, which rarely occur, — not one death on the average in four years. Religious services for the dead are also provided for.



The company supports, entirely at its own expense, a retiring fund, which in 1888 gave to 109 men and 19 women pensioners \$9,199: the woman's pension is 20 fr. a month; the man's varies, but may not be less than 25 fr. a month. Allowances to women in child-bed (they can return to work only six weeks after confinement); a crèche; a system of free baths; a special fund for the fire company of 70 employees (giving an injured workman his full wages, or the widow, in case of death, a pension of 300 fr.); a savings-bank, holding accounts, in 1888, with 1,308 workpeople, who had 760,000 fr. on deposit, are other features of the Baccarat establishment. It is estimated that the force saves 10 per cent. of its wages. The patronal institutions represent 5 per cent. on the same sum, or 1.75 per cent. on the capital of 6,000,000 fr. The stability of the force is great: one half have served over nine years, one quarter more than twenty years, one tenth more than thirty years. There has never been a strike or an attempt at one. "The working population is a true family. . . . the attachment of employer and employed has been repeatedly manifested."


The glass works operated at Folembay (Aisne) by the Société de Poilly, Fitz-James et Brigode, lodges its workpeople gratuitously, like the Baccarat works. Its other benefactions are more informal than usual, but comprehensive. They include kind treatment of the children (schooling, lodging at the works, a free ration of meat, winter and summer suits, etc.), aid to sick workmen (the company also paying from one third to one half of the physician's fee), reduction of military service so far as is legal, money loans



without interest and various other minor philanthropies.

The *cité* which one sees at the Chocolat Menier Works at Noisiel (Seine-et-Marne) has an attractive appearance. The brick houses are solidly built, with iron flooring and tile roofs; there are large gardens: on the broad, well-shaded street a house on one side faces a garden on the other, thus giving the best circulation of air possible. There are 295 of these tenements (mostly two to a house, costing some 10,000 fr.), sheltering 1,400 persons out of a force of 2,100. The rent, about that charged for inferior accommodations elsewhere in the vicinity, represents three per cent. gross on the investment of 1,800,000 fr., and from one tenth to one twelfth of the earnings of the heads of the houses. The Menier brothers are content with a small return; for they pay taxes, repairs, and other expenses (such as light for the streets and water for the houses) equal to one half of the rent charged; but they do not sell any of their houses, in order to keep out undesirable persons. They reduce rents according to a fixed scale after ten years' occupancy (the oldest workmen thus pay no rent), and the stability of the force is high.

Around a central square are situated the various institutions maintained by the firm. A general store supplies all the necessities of life — provisions, dry goods, firewood, etc. — at cost, the firm baking bread, and furnishing meat from cattle raised on its farms: the store's sales amount to 400,000 fr. a year. In large refectories employees from outside the *cité* can warm the food they bring with them. Restaurants and "canteens" supply board and lodging at low prices



fixed by the firm. Bath-houses and laundries meet the needs of the population for cleanliness. A physician is attached to the works, whose services are free, as well as necessary medicines. A sick man receives forty cents a day aid, a sick woman half as much: aid is given to women in confinement, and to infirm old men.

The schools have every facility, including large separate playgrounds, paved with wood: books and other material are free. A concert hall, meeting-rooms, a club-room, a library and a hospital also face the central square. "The inhabitants of Noisiel attend very regularly the lecture-room, the library, which contains 1,200 select volumes, and the concerts given on Sundays and holidays by the band of the works." The firm pays six per cent. interest on deposits from the workmen: the total amount in 1888 was nearly 2,000,000 fr. "The philanthropy of the proprietor," says Dr. Gould, "has carried him into these various enterprises, but the results which have been reached, he believes, justify the economic expenditure which they have necessitated."


The French State has a monopoly of the manufacture of leaf tobacco into smoking and chewing tobacco, snuff, cigars and cigarettes. In the State factories the entire force, in 1875, amounted to 22,974 persons, of whom women formed nine tenths. They, as well as the men employed, are very stable workers: the average length of service is twelve years. From 1861 to 1882 the administration of the factories paid into the National Retiring Fund four per cent. of the wages of the employee.<sup>1</sup> Since 1882 this contri-

<sup>1</sup> The State uses this bank to insure many other employees, in forests, on roads, on telegraph lines, and other than tobacco factories. Payments in 1893 for all such employees amounted to \$475,534 (Willoughby, p. 127).

bution has been made at the expense of the State. Between 1861 and 1889 the whole payment was 13,000,000 fr. : the average amount on a book was 460 fr. in 1889. Mutual aid societies have been founded in various factories : some of these have baths and libraries : two thirds of the expense of crèches are paid by them.

The crockeryware establishment of Hippolyte Boulanger & Co., at Choisy-le-Roi, employs 956 persons — men, women and children. For the latter it provides education — an infant school, separate schools for boys from three to six years old, and those working in the factory, and a boarding-school for fifty apprentices, orphan children of former employees : and a school for girls from three to thirteen years. A Scholar's Savings Bank receives not more than 100 fr. from each depositor, and pays 6 per cent. interest. Another savings-bank grants 5 per cent. on deposits from employees up to 2,000 fr. A "Family Council," composed of leading employees, delegates of the two mutual aid societies, and of the firm, settle all questions of gifts, aid and pensions. The latter are granted from the income of a donation of 60,000 fr. from M. Boulanger, and contributions from the aid societies and the firm : the house insures against accidents.

The publishing house of Armand Colin & Co., of Paris, offers premiums to young employees who pass examinations in evening schools. It supplies the aid of a physician when needed : wages are continued during illness. Besides annual presents, it gives a bonus, usually of 100 fr., to valued employees when a marriage, a birth or a death takes place in their families. The house deducts 5 per cent. from wages to place in the National Retiring Fund, adding itself 50 per cent. of this sum for persons employed less than eight years, and the same amount as the assessment for the employees of more than eight years' standing. A pension is thus secured amounting to 600 to 1,200 fr. The house receives deposits up to 500 fr., and pays 6 per cent. interest.



That great printing establishment, the *Imprimerie Chaix* of Paris, has a model system of instruction for its apprentices. As the house is a noted instance of profit sharing, it has been fully described by Mr. Sedley Taylor in his "Profit-Sharing" (pp. 50-61) and in my own volume on this subject (pp. 143-154). A detailed account of the technical schools is given in the "Notice sur l'École professionnelle de jeunes Typographes de la Maison A. Chaix et Cie," printed by the firm in 1878. A mutual aid society, giving liberal help, and a voluntary pension fund are supported by the employees.

A notable institution of the *Lock Works*, at Neuilly (Seine-et-Oise), is a workshop aid fund, which does the usual business of such a society — rendering accident and sick aid, and paying pensions to retired members or their families on this basis: The house pays in a sum equal to  $2\frac{1}{2}$  per cent. on the whole amount of wages: 1 per cent. is retained from wages: gifts are made and interest at 5 per cent. is paid by the house on the capital.

*Pleyel, Wolff & Co.*, pianoforte manufacturers, at Paris, have a workshop school in their factory which receives boys from five to eight, and girls from five to twelve years of age. The firm doubles the savings of apprentices: receives deposits from workmen up to 2,000 fr., at 5 per cent. interest: pays pensions of 365 fr. a year to workmen sixty years old, who have worked thirty years: contributes generously to the mutual aid society: makes advances to workmen to be repaid in small weekly installments: supports a small library, and pays the expenses of an archery company and a band. In twenty years the firm expended 730,000 fr. for all these philanthropic purposes.

*Solvay et Cie*, manufacturers of soda and chemical products, at Varangeville-Dombasle (Meurthe-et-Moselle), have built for their force 389 four-room dwellings since 1878, housing 2,122 persons. *Employés* and foremen pay no rent; the workman pays

12 fr. per month, only half the price near by for the same kind of accommodation. An abatement plan begins with workmen who have served seven years and have two children (or one year, and have six children): these are entitled to 25 per cent. reduction. Whenever a child goes to work the number of the family is held to have been diminished by two. Employees who have served ten years and have six children, or twenty-eight years and have two children, get their houses for nothing. Under this plan the tenant pays rent regularly: but, at the end of the year, one half of the sum abated is returned to him: the other half, deposited to his account in a savings-bank, must remain there five years at 5 per cent. In 1889 houses costing 440,000 fr. were thus rent-free. The gross rental is less than 2 per cent. on the capital invested. Workmen may buy these rented houses, or borrow of the company at 2 per cent. to build themselves: fifty-seven workmen had taken this latter course by December 31, 1898, and the sums loaned amounted to 143,642 fr. The company pays depositors 4 or 5 per cent. according to the amount: grants medical service free, and medicines also to the workmen over two years in service, with reductions to those who have served a shorter time, and to the families of all workmen; it grants sick aid, accident insurance and pensions. For the latter purpose, it contributes in any year when capital has received 10 per cent. a sum which equals 10 per cent. of the wages of *employés* or foremen who have served six full years, and so on up to 20 per cent. for those who have served twenty-one years and over. The ordinary workman must subscribe  $1\frac{1}{2}$  per cent. of his wages to

the National Retiring Fund: the company adds twice as much and pays to the account of every workman employed more than ten years 1 fr. for each of these years: in 1898, 1,544 workmen subscribed 213,541 fr. and the company paid 487,150 fr. Other institutions provided by this philanthropic company are baths (plain and mineral), a hospital with a visiting nurse, indemnity during temporary military service, garden plots at low rent, and scholarships for especially capable children of workmen, in the industrial school at Nancy.

The Lafarge Lime-Kilns at Viviers (Ardèche) owns workmen's houses, which, being much sought after, for cheapness and comfort, are let only to families with three or more children. The company supports two primary schools, that for girls being supplemented by a workroom where they learn housework. A "Youth's Circle" prepares the most capable boys for foremen's situations and provides amusements also. A lecture hall and a gymnasium stand in the central circle of the village. To the company are also due a hospital and a church, the curate being supported by it. The unmarried men are lodged and boarded for 35 fr. a month in the company's house for 200 persons. The company pays  $4\frac{1}{2}$  per cent. interest on workmen's deposits; contributes to the aid fund one fifth as much as the  $1\frac{1}{2}$  per cent. on wages retained for the fund; doubles the contribution of this fund for insurance against accident by a collective premium; and pays pensions to old workmen, of whom there were 19 on January 1, 1889, receiving 8,545 fr. annually. The company sets aside for these various institutions five centimes per ton of lime produced, before profits are ascertained. The aid fund has established a bakery and a grocery.

Five houses may be next named together in one paragraph. F. Hubin, Harfleur (Seine-Inférieure) aids a mutual be-

nevolent society, supports a primary and an infant school, and builds two kinds of houses for workmen which are much in request. H. Ducher, Paris, aids a provident and savings-bank, which is the foundation of a special provident fund. In the seven years ending with 1889 M. Ducher otherwise assisted his force to the amount of 130,000 fr. Sautter, Lemonnier et Cie of Paris, a profit-sharing house, give various facilities to the two savings groups formed by the workmen, and aid a provident fund, likewise administered by the men themselves. F. Pinet, manufacturer of boots and shoes, Paris, pays to a retiring fund a sum equal to five per cent. of the wages of his employees, if they are members of a mutual aid society. F. Benoist et L. Berthiot, opticians, Paris, have a mutual aid society, membership in which is conditioned on belonging to a local aid society: the firm contributes as much as the employees.

M. Fanier, a large shoe manufacturer of Lillers (Pas-de-Calais), has built 160 houses for his workpeople, so rented as to yield 4 per cent. interest on the cost: the tenant may become owner of his house by paying 2.75 fr. a week for 520 weeks. M. Fanier has two free bath-rooms in his factory, ready for use at all times, and two schools. To induce workmen to join the Mutual Benevolent Society of Lillers, founded by M. Fanier, Sr., in 1861, a workman's cottage is given every year (two in 1887) to the society, to be drawn by lot.

M. Mathieu Dollfus is the owner of Château-Montrose (Saint Estèphe, Médoc), an estate producing from 100 to 200 casks of wine. Each household of the employees has a cottage rent-free, with its garden; fuel, wine, medical care and medicines are also free, as well as schooling for the children. A share in the profits adds about ten per cent. to wages, and M. Dollfus pays a premium of two francs on each cask of wine.

The Parisian Gas Company assesses one per cent. on the wages of its force for a provident fund, and adds

an equal amount. It makes an annual contribution of 85,500 fr. to a pension fund, which is increased by 2,500 fr. interest on a legacy from a former managing director, and by donations.

The General Omnibus Company of Paris supports a pension fund by retaining one franc a fortnight from the employee under forty years of age at entrance on its service, and by an annual contribution in favor of those whose pay is less than 1,800 fr. a year: this contribution is 12 fr. after their first year and 24.5 fr. after the third year. Between 1855, the year of the foundation of the company, and 1888, it thus contributed 681,180 fr. "It has beside expended 1,089,720 fr. for assistance granted to various institutions." The accident-insurance fund is supported by monthly payments from each officer and employee, and by fines. It has a considerable deficit each year, paid by the company (4,593,380 fr. since 1855): to this contribution are to be added the fees of the twelve physicians employed (473,110 fr. from the beginning). Burial expenses are always paid by the company (109,685 fr. in the same time). Indemnity for employees on military service amounted to 147,560 fr.: the quarterly premium to drivers having the fewest accidents to 323,615 fr., and premiums to the most deserving employees to 298,785 fr. Restaurants supply food at low prices in all the important stations: a general store sells provisions and groceries to the force.

The General Hackmen's Company of Paris contributes to the Mutual Benevolent Society of the employees one tenth of the fees paid by them — a sum amounting to 223,575 fr. in the period 1867–1889.

The Ocean Mail Company (capital 60,000,000 fr., with a fleet of 61 steamships and a force of 11,847 persons) founded in 1888 with a gift of 100,000 fr. a provident fund for its clerks, to be supported by an allowance of 1 per cent. upon the annual dividend, and a 5 per cent. assessment on salaries; the claims of the clerks vary according to the number of periods of six years which they have served.



January 1, 1899, there were 1,055 members: the receipts had been 2,330,267 fr. and the disbursements 839,740 fr. The aid fund of the workshops at La Ciotat (Bouches-du-Rhône) is managed by 17 members, of whom 13 are elected: and it has 3,466 members. This fund receives assessments varying from 10 to 70 centimes a week; 3 per cent. on the profits of contract work; a gift of 6,000 fr. from the company; 6,500 to 7,000 fr. as gratuities, equal to a half day's pay, on each ship-launching, and other gifts. The company encourages its workmen to secure pensions by adding 30 per cent. to their deposits in a retiring fund. It builds houses which are let at a rental of some 3 per cent.

The *Compagnie Générale Transatlantique* divides profits with its employees mainly by a system of premiums which increases wages and salaries about fifteen per cent. on the average. To meet the many needs of its dangerous business, it has established two separate relief funds. No. I. is for the force in harbors: they pay in one per cent. of their income: this amount is increased by collections and concerts on board. This fund (200,000 fr. in 1889) distributes some 60,000 fr. a year to twenty per cent. of the whole force, under necessarily strict rules of division. Fund No. II. is for the whole body of employees on sea and on shore: it is administered by the council of the company: its resources are increased by contributions from visitors on board the packets in harbor, by profits from the sale of tobacco and cigars to passengers, and by fines. In 1887 the capital was 55,000 fr. and it distributed 40,000 fr. to 135 persons. Clerks can buy food, wine, fuel and clothing at wholesale rates, through the company: a restaurant at the central office gives them a breakfast below cost: the same class of employees receive medical aid free.

The *Marseilles Dock and Warehouse Company* supports a system of pensions for its clerks and agents. They pay in four per cent. of their salaries; the company adds an equal sum, and more in case of need. On the 20th

of June, 1887, there were twenty-eight such pensioners, receiving 18,440 fr.

The Suez Canal Company divides two per cent. of its net profits among its force, a part going to establish pensions: a pensioner having four persons dependent on him receives fifty per cent. more than an unmarried man. The company has a complete medical service, a hospital, and a villa for convalescents. On his marriage, the employee receives a grant equal to one or two months' pay.

According to a report of the French Labor Department, out of 2,673,314 workpeople employed in 1896, in 296,797 establishments subject to factory inspection, 115,896, in 229 establishments (4.35 per cent.), enjoyed the benefits of pension schemes "introduced and worked under conditions fixed by the employer." Deducting 17,340 operatives employed in the government tobacco and match manufactories (and provided for by the National Superannuation Fund), these figures would be 98,656 workpeople out of 2,656,074 (3.71 per cent.). All miners (about 166,000) and seamen (about 120,000) are legally bound to belong to a fund making provision for old age. In transportation industries (railways, tramways, omnibuses), some 196,000 employees are the subject of pension funds voluntarily introduced by employers. Under the War Office, in the manufacturing departments, some 20,000 operatives are insured, and some 42,000 roadmenders and similar workmen in other State administrations. Altogether, in France, some 660,000 wage-earners out of some 3,900,000 in the employments named above (17 per cent. at the outside) receive the benefit of pension schemes due to private initiative or to State intervention. Very many, if not

all, of the 120 or more profit-sharing concerns in France have a variety of patronal institutions. Only a few of these have been mentioned, for special reasons, in this chapter, which is shorter than that on Germany mainly because the latter country was considered first.

## CHAPTER VI

### PATRONAGE IN HOLLAND AND BELGIUM

LEAVING France with its abundance of patronal institutions, especially in the line of voluntary insurance of the workman by his employer against sickness, accident and old age, one finds in Belgium and Holland some striking instances of the same methods. From several points of view the most interesting examples in these two countries are the Netherlands Yeast and Spirit Manufactory at Delft in Holland, and the collieries of La Vieille Montagne and Mariemont and Bascoup in Belgium.

Mr. J. C. Van Marken founded what is now claimed to be the largest yeast factory in the world in 1870; after twenty-six years of remarkable prosperity, the number of workers (at Delft, Delfthaven and Bruges in Belgium) was 670: the works occupy ten acres of ground, and the wages paid equaled £33,000: the production of yeast had increased fifty fold between 1871 and 1896. The Netherlands Oil Works (150 employees), located near by, are connected with the yeast factory, in the directorship and in the employers' institutions we have to describe. The Delft Glue and Gelatine Works, on the other side of Delft, are under the same direction as the yeast factory — Mr. Van Marken and his nephew, Mr. Waller. Profit sharing has been for a number of

years practiced by these three concerns with success. The Van Marken Printing Company is a notable instance of veritable copartnership in which the 250 shares are now being steadily transferred from the founders to the workmen, 175 having already been passed over. A Coöperative Photographic Studio is a recent creation.

The combinations thus far named are productive enterprises, conducted on a basis of profit sharing or copartnership. The "Common Property Society" was established in 1883 to procure for the whole body of employees other benefits of coöperation in general supplies and houses: the sub-title calls it the "Society for Meeting the Elementary Needs of Life." It is located in Agneta Park, a fine tract of land, ten acres in extent, near Delft and the yeast factory. It was laid out in the English style by a prominent landscape gardener. In this "Dutch Paradise," as it has aptly been called, Mr. and Mrs. Van Marken have their residence, and the social life of the whole industrial establishment centres here. The Common Property Society bought a part of the park for building workmen's cottages of a convenient and pleasing style. The plan for disposing of the houses is novel. The capital of the coöperative society is 160,000 gulden, or \$64,320; of this Mr. Van Marken subscribed one fifth, and the other four fifths "was borrowed from his friends at  $4\frac{1}{2}$  per cent. interest upon a mortgage on the property." There are now ninety cottages. "At first Mr. Van Marken was the only stockholder . . . but as the houses were rented at a figure equal to  $7\frac{1}{2}$  per cent. of their total cost, and as this amount was greater than interest, taxes, management, contri-

bution to reserve funds and other expenses, the surplus was credited to the tenants, who in this way became shareholders of the company. Before obtaining the full ownership of shares of stock, they received credit for 3 per cent. interest on the money so saved. In the course of time the tenants will in this way come into possession of four fifths of all the shares of stock.”<sup>1</sup>

The society has built a large grocery and provision store, and a smaller drapery store. The profits of the stores and the cottages are divided annually among the tenants and the buyers according to the rent and the purchases. This bonus is entered on the society's books, and the cash goes toward paying off the mortgages and the original shareholders. When a tenant's or a buyer's account is 100 florins (£8 6s. 8d.), a share is given to him. After the mortgage is paid off the tenants and the consumers will be the chief owners. The paying off of the oldest shares must be continued, insuring ownership to the actual tenants and consumers. “The results of this company,” says Mr. Tjeenk Willink, in the Coöperative Productive Federation “Year Book” for 1898, “have not been so satisfactory as might have been expected. This is due to different reasons, among others to the want of coöperative education among the Dutch working class. Of the whole capital (share and mortgage), £13,000, only £1,000 have been paid off, and this not without very great difficulties. However, the later years have been the best, and the annual amount of sales and rents is now £15,000, being £8,000 in 1886.”

A great variety of institutions for the benefit of the

<sup>1</sup> Gould's *Report on Housing*, etc. pp. 396, 397.

workingmen have been gradually established by Mr. Van Marken, all centring in the charming Agneta Park, beautifully diversified with lakes, trees, lawns and cottages. There are two savings-banks in the yeast and oil works: one is for voluntary savings, the other is "obligatory for a part of the premiums<sup>1</sup> and of the share in profits." From the second bank the depositor may draw half a year's wages in case of marriage, and two weeks' wages on the birth of a child: he may also draw for private insurance, the acquisition of a house, and similar thrifty purposes. On December 31, 1896, these banks had on deposit £7,850.

In case of illness full wages are paid up to eight weeks; in severer cases the United Committee on the Interests of the Employees takes charge, funds being supplied by the factories. Full wages until recovery are paid to sufferers from accident: if the disability is complete, or death ensues, two years' wages are given. The yeast works deposits annually with an insurance company a sum equal to nine per cent. of the workmen's wages, toward an old-age pension after sixty years of age. Forty payments (from twenty to sixty) would assure a pension equal to the average annual wage. If the workman dies before reaching sixty, his widow or children are entitled to nine per cent. of the entire amount of wages earned by him in his whole term of service. Pensions are granted also in the oil works and the printing office. A general policy protects the buildings against fire.

The community building or hall is the culture-centre of the park. It contains a library and reading-room,

<sup>1</sup> The premium system is very fully developed in these works.

a gymnasium, a concert hall, school-rooms and a committee-room. The schools and classes are for children of all ages, apprentices and adults of both sexes : the girls and boys attend work-schools. There is a brass band, a magic lantern, a choral society, a horticultural society, a "Tent," or summer casino, on the recreation ground of Agneta Park, with bowling, billiard, boat, gymnastic and skating clubs. A factory newspaper is issued weekly, under Mr. Van Marken's editorship. A silver cross is given on the completion of twelve and one half years, and a gold cross at the end of twenty-five years' service in the yeast works. The United Committee is a general body composed of the different committees in charge of the various clubs, societies and institutions and gives unity to their management. In both the yeast and the oil works we find the "Kernel" (like the *noyau* of the Maison Leclaire), or Workmen's Council, made up of three chambers (each having its own chairman and secretary), meeting as a whole twice a year : one chamber is made up of the fourteen managers : a second of the foremen and chief clerks (the two oldest, and eight elected by their fellows for two years) : a third of sixteen workmen (the four oldest and twelve elected.)<sup>1</sup>

<sup>1</sup> See for a full account of all these institutions the volume by Dr. J. C. Eringaard, a son-in-law of Mr. Van Marken, *Holländische Musterstätten persönlicher fürsorge von Arbeitgebern für ihre Geschäftsangehörigen*, published by the Van Marken Press. Mr. Van Marken is seconded in all his philanthropic endeavors by his wife, after whom the park was named. He declares that the prosperity of the business is not the cause of these institutions, but their result in large part. The money spent upon them is not thrown away, but placed at a high rate of interest. Mr. and Mrs. Van Marken take part in the gatherings of the working people, which are irreproachable in all respects : not a case of drunkenness in the works has been known.



The firm of **Gebrüder Stork & Co.**, machinists and engineers, at **Hengelo**, employing 300 men, are followers of Mr. Van Marken in the spirit and in many of the details of their welfare-institutions. These institutions are maintained by a certain percentage of the profits (known only to a few of the superior employees), which is assigned to the whole body of workpeople. A part of this sum goes into the pension fund, and the remainder for general purposes. In January, 1895, when the firm celebrated its twenty-fifth anniversary and opened the new casino, it inaugurated a thorough scheme of administration of its institutions. Eight persons (three members of the firm and five selected by the senior workmen from their number) constitute the board of directors of the "Union for Promoting the Interests of the Employees of the Works of the Brothers Stork & Co." This board names committees, varying in size, on the casino, on the café and kitchen, on lectures, library and reading-room, on the kindergarten, and the cooking and sewing schools, and on the housekeeping and the drawing schools: and a Head Committee (two employers and two workmen) which considers all the plans and proposals of the other committees. When approved, these are carried out by the sub-committees. The workmen contribute three per cent. of their wages to the pension fund, if on piece-work (the usual system): if they are on day wages, the firm pays this percentage. The capital of this fund is loaned to help the men in building houses, of which fifty have been erected. The widows' and orphans' fund is assisted by the firm.

The kindergarten has over eighty pupils: the apprentice schools in the higher grades teach physics

and drawing, great importance being attached by the firm to this instruction. In case of the apprentices who earn over five gulden a week, sixty per cent. of the wages are deposited at five per cent. interest: half of this sum is paid to the apprentices on reaching twenty-three years, and the other half is at the disposal of the parents, who are apt to let it accumulate, and then make a present of it to the son on his marriage, when he can also draw the other portion.

The premium system gives the workman ten per cent. extra compensation for good work; if it is extraordinarily good, fifteen per cent.: monthly premiums are also paid to the best workmen. Matters of this sort are attended to by the *Arbeiterausschuss* or *Kern*. The workman may contribute to a voluntary savings fund (five per cent. interest), and he must contribute to the sick fund  $2\frac{1}{2}$  per cent. on his wages. A small weekly contribution for every member of a family assures the attendance of the doctor or the midwife: funerals are at the expense of the general *Verein*. The usual coöperative store and bathing facilities are not wanting at Hengelo; and, as at Agneta Park, there is a weekly factory paper, the "*Fabrikbote*." The handsome casino, or recreation house, built in 1895 at an expense of 40,000 fl., contains seven large rooms, some for the use of the schools already mentioned, others being the kitchen, the restaurant, the library, and the social hall, fitted with a neat stage for concerts, theatricals and lectures on popular science, especially patronized by the reading-union called the *Lese-Abend*: here centres the intellectual and social life of the Hengelo Works.

In the Gastel Beet Sugar Factory, at Oud-Gastel,

near Roosendaal (North Brabant), Herr J. F. Vlekke, the manager, who is taken by Dr. Eringaard as a type of the Catholic-Socialist employer, finds especial difficulties in the way of the usual forms of welfare-institutions, arising from the nature of the business. The last three months of each year are the busy season, and 400 persons, including a few women and girls, are employed. For the remainder of the year only 100 can be utilized. Herr Vlekke exerts himself to procure work for the others with the beet-farmers as far as may be. All are insured against old age in the *Allgemeine Niederländischen Arbeiter Bund*, the firm paying a variable part of the premiums (not far from half in 1895): in the dull season of the year it pays the whole of these for the unemployed: the pension is three florins a week after sixty years of age, five florins after sixty-five years. If the insured dies before reaching sixty years, the heirs are entitled to the premiums paid. A sensible rule of the widows' and orphans' fund allows the usual three florins a week for the children to be drawn by the father, in case of the death of his wife. Premiums do not exist to any appreciable extent at Oud-Gastel, and money fines are unknown: there is a sick fund, modest but effective, apparatus for first help in case of accident, provision for voluntary savings, arrangements for coöperative purchase of flour and fuel, a small library, instruction in drawing, musical opportunities, baths, and a dining-hall, used on Sundays for theatrical and musical performances and dancing; and, finally, a fortnightly paper, "*Die Kleine Courant*."

Herr W. Hovy, the director of the Brewery and Vinegar Factory *De Gekroonde Valk* (now a stock company, formerly *Van Vollenhoven & Co.*) of Amsterdam and Dordrecht, sets aside a certain sum from the annual profits, which is divided among the workmen judged to be most deserving, but the workman is not supposed to have any *right* to this. Like Herr Vlekke, Herr Hovy pays full wages for holidays, being convinced that "a holiday cannot be properly kept on an empty stomach!" The company has built sixty-four

neat houses in Amsterdam, which are let to its workmen at two thirds of the usual rent: it sells pure groceries and other supplies from one of these houses, retaining the profits. The sick employee receives half or full wages for a fortnight. The company makes an annual payment toward an old-age pension for each person employed, although it does not pledge itself to do this. The person insured can make deposits himself at four per cent. interest. The heirs have no claim in case of his death, whether the pension has begun or not. There is a widows' and orphans' aid society, which is not a fund or an insurance. This *Onderling Hulpbetoon* is supported by an average contribution of two per cent. on wages from all the employees, the company contributing twice as much. The assembly of the workpeople decides upon the size of their contribution and of the assistance to be given: in March, 1893, the society assisted thirty widows and fourteen children. On the birth of a child the father receives an extra week's wages.

Other Dutch firms which maintain various institutions for the benefit of their working force, on a less elaborate scale than the four treated in detail by Dr. Eringaard, are the chocolate works of C. J. Van Houten and Son, at Weesp; the machine works *Werft Conrad*, in Haarlem, and *Reineveld*, in Delft; the cigar factory of Herr Dobbelman, in Rotterdam, and the starch works of Herr Jacob Duyvis, in Utrecht.

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As in France, so in Belgium, there is a state-regulated system of insurance of miners, erected on the basis of a remarkable development of private beneficence in this direction. The interference of the State is a minimum quantity: there is no costly bureaucratic system: the expense of administration is very low (two per cent.), and there has been a great absence of friction.<sup>1</sup>

<sup>1</sup> See Willoughby, *op. cit.*, chapter v.: "the best example of the

In 1839 the Liège Mutual Insurance Fund was established by twenty-five mining companies, and it was followed by five other central funds, the six dividing the whole country into as many districts. These funds, bearing the names of Liège, Namur, Mons, Charleroi, Centre, and Luxembourg, report annually to the government and "are subjected to a financial control." Each fund is independent, making its own rules, but there is a general likeness. In the Mons fund the employer pays as much as the employee, three fourths of one per cent. of the latter's wages: in that of the Centre, the sum is  $1\frac{1}{4}$  per cent.: in Luxembourg one half of one per cent.: in Charleroi the employers pay the whole amount,  $1\frac{1}{2}$  per cent. on wages: in Liège they pay 2 per cent.: in Namur about half a franc per person a month. The funds are assisted by subsidies from the State and the provinces, interest on invested capital and gifts and bequests. The pensions paid by them are chiefly for miners injured by accidents. In the Centre fund <sup>1</sup> the monthly amount varies from the sum paid to a workman still able to earn from 71 to 85 per cent. of his usual wages (2.40 to 8 fr.) to that paid to the totally disabled man (15.40 to 30 fr., as he is married or single, or under or over nineteen years of age). In the same fund old-age pensions vary from 15 to 20 fr. a month, with the usual conditions: but this is an exception among these funds. Pensions are granted to the immediate relatives of workmen who are killed by an accident. In 1894 there were insured insurance of a particular class of workingmen," "the most interesting type of insurance institutions in Belgium," he calls the system. I am indebted for my details to Mr. Willoughby's volume.

<sup>1</sup> See Mr. Willoughby's report in the *U. S. Bulletin of Labor* for November, 1896.

in the six funds 117,359 persons: the expenditures were \$470,781.81; the value of pensions then running, \$461,312.27; and the assets, \$1,534,216.44. Of the total receipts, \$515,890.54, the employers contributed \$407,511.84, and the employees \$39,836.16: \$57,910.23 came from interest, and \$10,562.32 from subsidies. In 1893, 16,920 persons were aided. In 1884-1893 of the average number insured, 15.6 per cent. received aid annually.

The Belgian law requires each mining company to maintain a special fund to provide for sickness and minor accidents. The employee pays a percentage on his wages, and the employer so many times as much — usually a far greater sum. Regulations like those in France govern these funds. In 1893 the receipts were \$49,687.85 from the workingmen, and \$299,240.13 from the mine proprietors, making a total of \$348,927.98: the expenditures were some \$7,000 more. I will give some particulars concerning other varieties of institutions in three Belgian mining and foundry companies. “Almost all of the larger employers of labor,” in Belgium, says Mr. Willoughby, as in France, have established private insurance funds. “Notable examples are the great zinc works of Vieille Montagne; the iron works of Cockerill & Co.; Solvay & Co.; M. Rey, at Leideberg; and various railway companies.”

*La Société de la Vieille Montagne* (Kelmisberg), at Chénée, near Liège, is one of the largest zinc mining and manufacturing companies in the world, with branches in France, Germany, Sweden, England, Italy, Spain, Tunisia, and Algeria. Everywhere it has been much concerned for the comfortable housing of its employees. It encourages building societies or

builds houses itself, according to local conditions: or it sells land or material, or both, at cost or near it. Its houses are usually single dwellings of four rooms with gardens and stables, renting for considerably less than one tenth of the employee's usual wages (the premium system increases wages from 10 to 25 per cent.). The sale of liquor is prohibited in the workmen's *cités* as in other places of the kind, and the houses must be kept neat and clean. In 1897, 1,700 employees, one out of six, had become owners of their homes. The company pays 5 per cent. interest on deposits in its savings fund (to 900 persons in 1889, or 13 per cent. of the whole number employed: in 1898, 1,608 workmen had 3,000,798 fr. to their credit). Its aid fund for the usual purposes, as well as the pension fund for workmen, is supported entirely by the company. The latter fund gives pensions amounting to one fifth of the workman's highest wages plus one centime per day for each year of service after the fifteenth. During the ten years, 1887-1897, the two funds expended a yearly average of 513,810 fr.: for 1850-1860 the proportion of this aid to wages was 3.53 per cent.: for 1890-1896 it was 7.61 per cent. For the superior employees the company has also established a pension scheme: the employee pays 5 per cent. on his wages and the company adds as much. A home for pensioned workmen was erected in 1893 at an expense of 300,000 fr., with an orphan asylum, sheltering twenty-five children. The company imports large quantities of light wines from Spain and Italy, which it sells below cost to the workmen, as a preventive of alcoholism. On schools and churches it had spent, to 1897, some 900,000 fr., and on amuse-

ments and recreations, 175,000 fr. The force is very permanent, and there have been no strikes.

The Marcinelles and Couillet Company has coal mines and blast furnaces in these two places in Belgium, and employs between 5,000 and 6,000 workmen. The mines are in the Charleroi district, and the company pays  $1\frac{1}{2}$  per cent. on wages to the central accident and pension fund. For employees other than miners the company supports an aid and retiring fund by retaining 3 per cent. on the workman's wage and 2 per cent. on the *employé's* salary, contributing itself a sum equal to 1 per cent on wages and salaries, all the fines and unclaimed wages, and occasional donations. In two schools founded by the company 353 children between three and seven years old are instructed. The girls pass into the company's primary school, remaining until twelve: the boys attend the communal schools subsidized by the company. A great number of houses have been built by it, which are rented at low rates. A workman can pay one fifth in cash, and acquire a home in eight years, by monthly installments equal to ordinary rent.

The coal mines of Mariemont and Bascoup (Hainault) are distinct organizations, but under the same management. They have become well known to students of labor questions through their admirable *Chambres d'Explications* and *Conseils de Conciliation et d'Arbitrage*, which are model methods of settling differences in an industrial establishment. The two companies employ over 6,000 men. They have built more than 600 houses which, as M. Ballaert of Bascoup says, are "spacieuses, commodes, coquettes même." They are satisfied with a return of  $2\frac{1}{2}$  per cent. on an



investment of more than 2,000,000 fr. The companies advance money for building purposes: forty houses a year, on an average, are built by the employees themselves: and over 25 per cent. now own their homes. The proprietors of the mines spend 70,000 fr. a year on the health service, employing twelve doctors and fourteen pharmacists: a sanitary commission has charge of this work. The choice of his physician is left to the workman, who contributes nine tenths of a franc a month.

The two mines belong to the Centre district of Belgium: in this district the workmen are represented on the council of the Provident Society. A special aid fund for the sick and injured is supported by the companies and the men jointly: the companies contribute 20,000 fr. a year for pensions. There are mutual aid societies of the men, in thirteen sections with 3,250 members, and they have also formed a large number of savings societies which invest in bonds of Belgian cities. The spirit of these welfare-institutions is "self-help" for the employees. The companies wish to intervene only so far as the workmen cannot well take the initiative: they subscribe to the creed "*Le patron, en matière de tutelle, doit préparer son abdication.*" The Morlanwelz Technical School, subsidized by the companies, offers a full course of industrial training. Music is the affair of the noted musical society, "*L'Harmonie:*" it has a hall for winter and a park for summer concerts, with a fine library, and it sends its most promising pupils to the best teachers in Brussels; there is also a choral society, with excursion and horticultural associations. The Morlanwelz Society for Popular Education maintains frequent

lectures, diffuses books and publishes a weekly paper. The companies have founded coöperative stores: they sell coal to workmen at two thirds the regular price, and also supply wood and gas at reduced rates. Bread ovens are numerous, and bathrooms also.

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The most important instance of welfare-institutions in Italy is the Rossi Woolen Mills at Schio, Vicenza. It employs 5,000 persons, and since 1873 has expended 5 per cent. of the net profits, equal to  $1\frac{1}{4}$  per cent. on wages, on the support of numerous institutions for the employees.<sup>1</sup> The list includes a crèche, infant and primary schools, a library, baths, a laundry, an ice-house, a hospital, coöperative stores, a mutual aid society, a savings fund, pensions and subsidies, improved dwellings, a theatre and a gymnasium. "The management considers the expense of these philanthropic institutions as only proper aid to its force of workers:" and it keeps them up in bad years as well as in good.

The Iron Works of the Hungarian State at Diós-Gyor employ some 6,000 workmen. The welfare-institutions to be found here include sick and pension funds, with free medical attendance; a hospital of modern style; a fine bath-house, the fees being two kreutzers (one cent) for an ordinary bath, and four kreutzers for a Turkish bath; a club with a library of 1,000 volumes; choral and musical societies; a dining-hall for 4,000 persons, where a great organ plays during meals (a dinner can be had in the restaurant for fourteen kreutzers); a cup of tea (four kreutzers) may be had by the workmen in the shops, in winter, or a glass of beer in summer (five kreutzers); lawn tennis grounds and a skating pond; a coöperative store, with slaughter-house and bakery; a kindergarten and an elementary school. Similar

<sup>1</sup> These are described in a pamphlet, prepared for the Turin Exposition of 1898 — *Memoria sulle Istituzioni morali private e collettive fondate dal Senatore Alessandro Rossi*.

institutions exist in the State's other iron works at Zolyóm-Brezó.

The Hungarian State has an elaborate system of institutions for the benefit of employees on the State Railways. A pension fund for 19,695 superior employees held 11,930,801 fl. in 1895 : there was a sick fund with 3,289,246 fl., and an aid fund with 146,583 fl. ; a *consumverein* : a savings fund with 951,812 fl. on deposit ; several *arbeitercolonien*, with schools, etc. ; and numerous associations for musical and general culture.

The Carlsberg Breweries in Copenhagen build excellent houses which their workmen may acquire on easy terms. In the old Carlsberg brewery, with 270 employees, all are entitled to a pension after ten years' service : the pension fund is now 2,500,000 *kronen*. A Carlsberg family fund affords aid since 1881 to sick or infirm workmen, in the new brewery (230 employees) as in the old.

## CHAPTER VII

### BRITISH EMPLOYERS' INSTITUTIONS

WHEN one enters the labor world of England he finds a different sentiment from that prevailing in France or Germany. "Paternalism," or anything that savors of paternalism, is far less agreeable to the English workman than to the French or German operative. Employers' institutions for the benefit of their workmen have had a much less extensive development, in the face of the trade-union, the coöperative store and the friendly society. But that there is room in England for the interest of the employer in his employees to show itself in an admirable and comprehensive fashion is sufficiently evident from several examples.

The Lever Brothers, Limited, have built up a new industry (begun in 1886, and moved to its present location three years later) with as much concern for its moral and social aspects as for its material processes. They illustrate what can be done where there is a free field for the employer to work in. Port Sunlight is the name of the manufacturing community founded by the Lever Brothers on a branch of the Mersey, three miles from Birkenhead. They have bought 174 acres of level grazing ground, the works now covering fifty-five acres,<sup>1</sup> and the remainder being

<sup>1</sup> The floor of the working-rooms is composed of wooden blocks on concrete ; this keeps the feet warm and dry.

devoted to the village. Some 2,200 persons are employed, the majority of whom live at Port Sunlight, which has about 3,000 inhabitants. The works turn out 2,400 tons of soap a week: all the printing of the firm is done in one department: another is devoted to the manufacture of boxes of pasteboard and of wood: the firm has a cotton-seed oil factory at Vicksburg on the Mississippi, and a cocoanut oil factory at Sydney in New South Wales.

The Lever Brothers have erected nearly 500 "Old English" cottages, of varied architecture, in the park-like settlement adjoining the works. In letting these red brick and half-timbered houses they formerly practiced an unusual method of dividing profits with their employees. What would ordinarily have been the bonus was applied to the construction of houses, in the allotment of which the men longest in service had the preference, and there was much competition for them. Each cottage, occupied by a family, has three bedrooms at least, and a bathroom, is lighted by gas, and has a small lawn about it. Rents ranged from 3s. a week to 3s. 6d. for houses with parlors: there are no taxes. At the end of the tenant's first year the rent was reduced thirty per cent.; at the end of the third year thirty per cent. more, and at the end of the fifth year the same percentage. The tenant thenceforth paid ten per cent. of the original rent to meet the expenses of maintenance and repairs. This arrangement was discontinued after a time, the firm considering that living rent-free almost would impair the workman's feelings of self-respect and independence. A tract of land is allotted for kitchen gardens: the tenant pays 1s. a year for the use of his strip, contain-

ing eight rods : water is supplied free. Two dwellings, it may be mentioned, are careful reproductions, externally, of the Shakespeare house at Stratford-upon-Avon.

The workmen's houses face on wide roads of boulevard style, shaded by elm and chestnut trees ; there is a centrally situated park, a large recreation ground on one side, and in most directions the open country or the river is seen. On a prominent corner stands the village shop, a coöperative store for the community. The schools, built in 1896, and supported by the firm, form a large and pleasing group of buildings of ecclesiastical architecture, accommodating 500 children, who follow the usual board courses of study. The central hall of the main building is used for religious purposes on Sundays. The Girls' Institute is located on another corner, with a tennis ground opposite. It has classes in cooking, confectionery, dressmaking and shorthand ; eighty girls learn in one of these classes to make their own clothing : the fee is 1s., to which the firm adds 3s. A restaurant furnishes such a meal as the girls desire for dinner for 1*d.* to 4*d.* The fee for the reading-room in the institute is 1s. a year : there is a girl's social club using the tennis court and other means of recreation. Gladstone Hall is an attractive building which contains a large kitchen and dining-room : here food brought in by the employees can be warmed without charge : and a coöperative arrangement provides dinners ranging in price from 2*d.* to 6*d.* : there is a special dining-room for women. The hall is open, at the end of the day's business done in it, as a place of general resort. Every Thursday evening in the winter months a first-class entertainment is provided

by the firm: Sunday evening lectures or concerts are given here, or the programmes, partly secular, partly religious, known as "Pleasant Sunday Evenings." The Men's Club, where the usual features of such organizations are found, — bowling alleys, billiard and smoking rooms, — faces a pretty bowling-green. The brass band of Port Sunlight has uniforms and instruments provided for it by the Lever Brothers. The various clubs and institutions are now on a self-supporting basis, and are managed by their own committees. There is no public-house in the place. The majority of the men are trade-unionists; the firm does not interfere in any way with such membership. A system of premiums on wages has the effect of increasing them in some departments twenty-five or thirty per cent.; in all the departments wages are higher than elsewhere in the district. Work begins for men at 7.50 o'clock A. M. and stops at 5.30 P. M. — on Saturday at 12.30 P. M. The women work from 8 A. M. to 5 P. M. — on Saturday to 12 M. Deducting the hour for dinner, this arrangement gives forty-four hours a week for women and forty-eight hours for men. The result has been very satisfactory to the firm. One savings-bank works under the auspices of the company, and another in connection with the Employees' Provident Society. A sick and funeral club is on a self-supporting basis.

In the Belle Sauvage works of the printing and publishing house of Cassell & Co., London (1,000 employees), the visitor finds a kitchen and dining-rooms where meals are furnished to the workers at cost. The glee club, musical association, athletic club, ambulance corps and fire department are voluntary

organizations. Saturday afternoon excursions to museums, picture galleries and places of historic interest in and around London are occasionally organized in the spring and autumn, when the most competent persons in the city serve as guides. The wash basins and water-closets for the works are in an addition running up one side of the building; these rooms, lined with porcelain tiles, are separated from the main building by closed, tight-fitting doors. The Belle Sauvage sick fund, an employees' organization, is supported by a weekly contribution of two pence from each member. In 1878 the amount payable on the death of a member was increased £5 from the firm, if the deceased had been employed less than seven years, and £10 if a longer time: five years is now the dividing line.

This was a part of the large scheme devised by the company in that year for promoting the welfare of their permanent staff. They voted to "set aside a fixed proportion of their profits to form a fund out of which certain benefits might, at their discretion, be paid." The scheme has since been several times revised, each time in the direction of greater liberality to the employees, a course made feasible by the wise actuarial calculations which have always exceeded the demands made upon the fund. Since 1896 all the employees have been within the operation of the fund. They are divided into three classes, the members of which shall be entitled to varying amounts, after five years of service, if incapacitated for labor by accident or disease or by old age after sixty-five years: the same sums are to be paid to the family or the representative of a member. These amounts run from £30



to a third-class person, after five years' service, up to twice that amount for one of the first class; the amount being two and a half times as large in each class after twenty years' service. In the period 1878–1896, payments were made to 151 persons in sums varying from £5 to £147 10s., and amounting in all to £7,868 14s. 6d. The trustees of the fund now hold 778 fully paid shares of Cassell & Company, valued at some £15,000. An emergency fund provides for medical service to employees at a nominal fee of 6d. for three months from the doctor's first visit; seventy to eighty persons a year avail themselves of this privilege. In 1878–1895 some £711 were spent in exceptional relief, and £936 granted in temporary loans.

Six small pension funds, founded by special trust deeds, from partners or their families, secure pensions varying from £8 to £20 a year for nine persons. In order to encourage life and accident insurance, the company in 1889 made arrangements with insurance societies, which agreed to take monthly premiums at the same rate as for yearly premiums. The company reserve the amount from salaries or wages, and the commission allowed them as agents is divided among the insured. Five share investment societies have been formed among the employees (all are eligible) for the easy acquirement of shares in the company by the payment of a shilling a week. The Belle Sauvage Company, for instance, had taken up and fully paid for 1,018 shares in 1886. A sixth society is now in operation, its predecessors having attained the object for which they were formed.

Hazell, Watson and Viney, Limited, is the title of

a well-known company of London engaged in printing and publishing. The works are situated in Kirby Street and Long Acre, London, and in Aylesbury, Bucks. The employees number 1,300, and the wages bill runs up to more than £80,000 a year. The chairman of the directors is Walter Hazell, M. P. In his introduction to the fifty-six page pamphlet, "After Hours," which gives an account "of the recreative, educational and social institutions at work" among the employees of the company, he speaks of the diverse fortunes of such institutions. "Some schemes have been started with a good deal of enthusiasm, and in the course of time they have had to be improved or even discontinued:" among the last is a system of profit sharing. "Others have kept on from year to year growing in strength and in interest."

The company "do not make a fetich of the virtue of thrift. It is only one of many good habits, and, like other virtues, may be carried to an excess and become a vice. But, in general, few will question the social advantage to a man of carefully husbanding his resources till he becomes a shareholder in the concern he works in; and this is the pleasing condition of hundreds of our staff . . . the total number [of workmen investors] reaches hundreds, and the value of their investments, when the payments are completed, will approach £30,000, no small part of the capital required to work the concern." The company savings-banks are three in number, the first having been opened in 1876. An employee of the company is the honorary secretary of each bank, and he is in attendance at the London houses to receive and pay out money once a week, while wages are being paid. At Aylesbury, a half hour on Monday is given to this purpose. Interest was five per cent. until the latter part of 1898, when it was reduced to four per cent. On January 7, 1899, the accounts last made up showed 438 depositors in the three presses, who had £8,512 7s. 1d. to their credit. "As security to the depositors the company's four per cent. debentures to the amount of

£10,000 are held by the trustees . . . acting on behalf of the depositors under a suitable trust deed." Referring to old-age pensions, the company calls attention to the fact "that 2s. a week, deposited from the age of eighteen to sixty, at four per cent. compound interest, would amount to about £550. This sum, at the present rate of investment, would purchase a life annuity from the age of sixty of nearly £1 a week."

The London houses support a sick fund, with 276 members, who pay 3*d.* a week, and twenty-eight half members (those whose wages amount to ten to twenty shillings a week: they pay half fees and receive half benefits). The highest sum that can be paid to a member in a year is £9 15*s.* There is a similar fund at Aylesbury with 173 members and forty-three half-members (in 1896). "The directors have at their disposal a certain number of letters for Convalescent Homes," and for several hospitals and medical aid societies. The Provident Fund meets "the needs of the members during exceptional sicknesses and calamity, and also, to a limited extent, helps their families on the occasion of a member's death." It was started by a small donation from the firm, which has recently contributed £300 a year. The 500 members pay 1*d.* a week (£109 in 1897): the capital is now £3,352, managed by trustees independently of the fortunes of the firm. "The main call upon the fund is a payment of £15, on the decease of a member, to his nearest relative, with an additional £5 if there be a child under fourteen years of age." "Practically all the employees who are eligible have elected to become members, though the great majority are also members of one or other of the great Friendly Societies," and also of the sick funds of the company. According to a plan adopted in 1898, any member who desires a loan of a moderate amount toward building a house, buying shares or some other purpose of thrift is eligible to a loan from the directors of the company at four per cent. A small additional charge is made to insure the applicant's life, so that if he should

die before full payment the family will not be disturbed in the property acquired.

Three distinct schemes have enabled employees of Hazell, Watson and Viney to become shareholders in the company. The first, Mr. Hazell's, led to the ownership by 160 persons of 444 shares, the scheme terminating in 1897. Each share was purchased at its market value, £17, and one shilling a week was paid for 340 weeks, making the same amount. In all this time the subscribers received the dividends earned (10 per cent., more recently 9 per cent.); thus nearly all the premiums paid by the subscriber were returned to him in dividends, "and ultimately the share became his property at three quarters its market value:" and arrangements were made that, should the subscriber die at any time after paying the first installment, his family would own the share without further payment. "The payments were made with great regularity for the period of six and a half years." Shortly after Mr. Hazell's scheme came to a close, the company repeated his offer, and the company Scheme No. 2 is now in force. Between its opening, April 1, 1897, and September 30, 1897, 259 persons subscribed towards 401 shares £1,042 5s. 8d. While Mr. Hazell's scheme was still in progress, the company put out its Scheme No. 1, differing in system but "not in value." Employees could acquire a limited number of shares by the weekly payment of a shilling, until they had paid £12 10s., and the dividends were not to come to them until all the payments were made. This scheme was not so popular as the first one, though more simple in its operation; but ninety persons began September 7, 1895, to subscribe for 175 shares, and they had paid in £1,817 13s. on March 31, 1898. The dividends on shares are paid free of income tax, this being previously paid out of the general profits of the company. If the holder is not liable to an income tax, it arranges to have the tax that has been paid returned to him.

A refreshment room has been supported by the company

since 1878, at Kirby Street, providing light luncheons; there has been a deficit, which has been gradually reduced from £420 to £115; if ever there is a profit made, it will be applied for the benefit of the employees, as at Aylesbury. Here the company provide five o'clock tea and coffee: "the charge is three pence a week for five afternoons, for nearly a pint of tea or coffee with milk and sugar. This small charge has more than covered the bare cost of the materials, the firm providing the attendance, gas and other expenses without charge." On one occasion a pianoforte was purchased from the profits for the Institute. This is "the body which carries on all the recreative and educational work" at Aylesbury. The three-story house on Silver Street was bought for this purpose sixteen years ago. It has a reading-room and a lending library on the ground floor: the first floor is given up to billiards, chess and cards, and the younger members use the second floor for bagatelle and minor games. A lecture hall is also rented on Castle Street, which has gymnastic apparatus, the hall being much in use for practice by the brass and string bands (instruments are provided by the company), and for classes, lectures and entertainments.

A recreation ground of some six acres provides opportunity for cricket, football, tennis and quoits. A swimming class for girls, a singing class and a Shakespeare class have been connected with the Institute. The company assisted its work to the extent of some £76 in 1897. Five acres of land adjoining the recreation ground are let to fifty-two tenants for gardens. The annual rent is nine pence per pole; this includes fencing, water taxes and other expenses. The land is building land, worth £220 an acre, and the rent pays a very small interest on this. The nearness to the works and the fertility of the soil make the privilege valuable to the employees. The company made an experiment in building six cottages of a better kind than the ordinary, but did not find encouragement to continue the plan.

The Kirby Street Institute does a more modest work than

the one at Aylesbury. The company encourages its apprentices to acquire a good technical knowledge of their business, by allowing them to attend, in business hours, classes conducted by certain technical institutions in London, they being paid as if still at work. Attendance on evening classes is also encouraged. An apprentice who conducts himself well will receive a bonus of £10 on the expiration of his term; £2 2s. of this sum go to make him a life member of the Printer's Pension Society: it is expected that the apprentice will save a sum equal to the bonus. The very considerable risk of fire in the three presses is met by three voluntary fire brigades: each has its summer outing as the guest of the firm.

The proprietors of *The Graphic* and *Daily Graphic*, of London, instituted in 1891 a Thrift Fund, contribution to which has been obligatory for all employees on weekly wages beginning since January 1, 1892, but optional for others. The contributor determines each week the size of his contribution, but he must pay in not less than 2½ per cent. of his earnings, nor more than 5 per cent.; if his earnings exceed £4 a week, only that sum shall be the basis of his contribution. Three per cent. compound interest shall be paid, together with the principal, to any contributor leaving the service of the company. Otherwise the principal shall remain in the hands of the company until his death while in their employ, or until he is incapacitated for work, or until he is fifty-five years of age or more, after contributing ten years at least. Under any of these conditions the company adds 50 per cent. to the amount subscribed, and the contributor or his representative shall also receive 3 per cent. compound interest on the entire amount. If a contributor desires to withdraw any sum, after having contributed five years, he can do so, according to a sliding scale: but the company will add only 25 per cent. to the contributions. The directors reserve the right to modify or abolish the scheme, if desirable, and also to close any man's account, if it should appear to them necessary;

but his claims shall be as great as if his contributions had remained the required time. The scheme has been very successful. The fund had to its credit, December 31, 1898, including contributions, donations and interest, £14,503 3s. 7d.

The delegates of the Clarendon Press, Oxford, built in 1893 an institute for their employees at an expense of £5,000. It contains a large central hall, which was to be used as a gymnasium, or for entertainments and meetings, and rooms for reading and study and recreation. There are special rooms for women and boys, and for the classes of the City Technical Instruction Committee.

Saltaire, the model industrial village of Yorkshire, was founded by Sir Titus Salt, the famous woolen manufacturer and philanthropist, in 1853. It is situated three miles from Bradford, on the river Aire. The works cover ten acres of ground, and they were constructed with every appliance then known for the comfort of the 3,000 to 4,000 operatives; the air in the mills, for instance, was cooled in summer, as well as warmed in winter. By 1877 there had been built 850 convenient cottages, and 45 almshouses accommodating 75 pensioners, on 26 acres adjoining the works; the houses erected up to 1867 had cost £106,000 (a man with a wife in an almshouse, or cottage, received 10s. a week, and a single person 7s. 6d., beside house rent).

The other institutions established by Sir Titus from time to time included a fine Congregational church (sites were given for other churches) erected at an expense of £16,000; an infirmary; a system of baths (24) and wash-houses, costing £7,000, and supplied with machinery for laundry purposes; a public park of 14 acres: school buildings for 750 children, erected

for £7,000 in 1868 and converted into secondary schools in 1870, when Board Schools were instituted; a dining-hall where meals could be procured at cost or less, and food was cooked for operatives bringing it; and the Saltaire Club and Institute, a £25,000 building. This contained a library with several thousand volumes; a reading-room; a lecture and concert hall seating 800 persons; schools of art and science, with class-rooms and a laboratory; rooms for minor games, billiards and smoking; an armory and drill-room; and a gymnasium. The fees for the use of the building varied from two shillings to six pence per quarter. The Institute was under the control of a committee, eight members being selected by the firm and eight by the members of the Literary Institute. A boat-house and a cricket ground further provided for physical culture, and a great variety of organizations — athletic, social, musical, educational and benevolent — came into existence. Pensions were given to employees who were maimed for life. Public houses were not allowed in the place.<sup>1</sup>

James Smieton and Sons are manufacturers of jute at Carnoustie, near Dundee, Scotland. Since 1858 they have erected, less than half a mile from the factory, eighty-nine model dwellings which are fully described by Dr. Gould ("Report," pp. 340–342). In addition to a lawn in the rear of each house, about 1,500 feet of land are set apart for each family, next to the house or in the vicinity, for

<sup>1</sup> Saltaire long enjoyed a fame similar to that of Pullman, Illinois, in later years: but its institutions are reported to have gradually fallen into neglect since the death of Sir Titus Salt in 1877. Rev. R. Balgarnie in his biography, dated in that year, speaks of the Institute as destined to change into "higher grade schools." Information is difficult to procure. See *Harper's Magazine* for May, 1872. Saltaire had at least twenty-four years of prosperity.



vegetable and flower gardens, for which no charge is made. About 12 per cent., on the average, of the tenant's wages go for rent: for similar lodgings, not owned by the firm, he would probably pay about half as much again. The firm estimates its net income at 3 per cent. A "People's Palace," opened in 1865 and costing £1,756, contains a reading-room, a library (1,300 volumes), an entertainment hall seating 600 persons, and a billiard room: the cost of maintenance is about £32 a year. No charge is made for the use of the building and its privileges, but the expense of daily papers and periodicals is divided equally between the members and the proprietors. A penny savings-bank, paying no interest, leads up to the post-office savings-bank.

From the "Life of Samuel Morley," by Edwin Hodder, I make the following extract (p. 188). Samuel Morley, born in 1809 and dying in 1886, was engaged in the hosiery manufacture at Nottingham and Hackney (London). "For the benefit of the workpeople [about 1847, no date given in the chapter] a most beneficent system of annuities was instituted. It is an open secret that Mr. Morley's treatment of old and faithful employees, in the way of pension and allowance, was altogether unprecedented in the annals of commercial houses, and these dispossessed hand-knitters [Mr. Morley had substituted machinery in place of the old hand looms] were the people who had the first consideration as annuitants. The pension scheme was suggested by Mr. Samuel Morley, and for many years he went down and paid the first installments of gifts and pensions to the old hands. The cost of this was borne by the firm, and the amount paid in any one year was never less than £2,000. The system still remains in force."

Thomas Adams & Co. are large lace-makers in Nottingham. The day for the girls in their factory begins with the Church of England service read in the chapel, which seats 800, by one of the three chaplains engaged by the firm. The half-hour service is entirely undenominational. "We find that the service brings to us girls of a

very high character," says one of the firm. "Every morning, between ten and eleven o'clock, a tradesman visits the warehouse with refreshments. The girls leave their counters, and refresh themselves in a large, cool room with a glass of milk and a bun, and then resume their work till one o'clock, when they go home for dinner, returning at two. From four to half-past six, they go down to the tea-room, in batches of about seventy at a time, each making her own tea from a huge boiler, and at seven o'clock their day's work is over."<sup>1</sup>

Thomas Mason and Sons, Ashton-under-Lyne, beside paying wages above the trade-union list prices, provide for their workpeople very good sanitary houses. They support a system of baths (shower and swimming), a reading-room, a lecture-room (with excellent lectures), a gymnasium and a bowling-green. Prizes are offered for plant growing, and an annual flower show is held in the lecture-room.

The Cadbury Brothers are well-known manufacturers of cocoa and chocolate at Bournville, seven miles from Birmingham. The sixty acres now the factory property were formerly a country seat, Bournville Hall; the works are said to absorb one third of all the cocoa imported into England. Mr. Richard Cadbury, the head of the firm, died in Jerusalem in March of the present year. Birmingham owes to him a great educational institution for the working classes, a convalescent home for children, and various provisions for the aged; these buildings alone are valued at £70,000.

The Cadbury Brothers employ some 1,900 unmarried women, 600 workmen and some 200 clerks. The works proper occupy a site of ten acres, and are connected by subways and bridges. The heavier work is apportioned to the men: men and women do not

<sup>1</sup> *Home Magazine* for 1898, "The Girl-Workers of Britain, VI."

work together in any department, and no married women are employed. The result of this regulation is that the girls in the Cadbury works marry three years later than the average in the country adjacent, and their marriages are said to be much happier, as a rule, than the usual lot: "they are less liable to be married by men in search of a wife to support them."

The Bournville works are especially noted for the kindly manner in which the girls, the great majority of the employees, are treated; only ten per cent. of them come from Birmingham, the remainder from the surrounding villages. In the busiest part of the year, from September to December, the hours of work are from 6 A. M. to 5.30 P. M. (1 P. M. on Wednesday, and 12.30 P. M. on Saturday). The girl arriving so early receives a cup of tea and a tea biscuit; she is allowed half an hour for breakfast, fifteen minutes for lunch, and one hour for dinner. For the other months of the year the hours are from 8.45 A. M. to 5.30 P. M., — 1.30 P. M. on Saturdays. The girls, in the morning, leave their shoes, if damp, on racks in the cloak-room above the hot-water pipes, wearing slippers at their work, for which they put on a white holland dress; they pay two thirds of the cost of the material, and make the dresses themselves: these must be clean every Monday. The first five minutes of the day are spent in a brief devotional service, conducted by some member of the firm, who makes a two-minute address. Dinner is taken in a great hall (used also for lectures), divided into rooms for the girls, the men, the clerks and the firm, — the fare provided being the same for all. Food brought by the employees will be warmed or cooked free of charge, and meals may be

taken outside of the dining-room. The kitchen employs some twenty persons. The tariff is such as to pay the bare cost of the food, other expenses being borne by the firm. Cold meats at 1*d.* or 2*d.* a plate; eggs 1*d.* each; puddings, pies, and tarts, at 1*d.*; tea and coffee,  $\frac{1}{2}$ *d.* per three quarters pint, milk 1*d.*, and bread  $\frac{1}{2}$ *d.* per slice, will indicate the very moderate prices charged. The girls now bring meat, if they wish it hot: hot joints were formerly served, but the practice was given up, as "all the girls wanted the best cut." Fruit is liberally supplied the year round. After the meal the girls are free to scatter over the eleven acres of ground which are their portion of the old estate, laid out in paths, shrubberies and playgrounds. The men have a range of the same size. Five gardeners keep up these grounds, which are open to workers at all times.

The girls' pay is from 1*s.* 6*d.* to 2*s.* a week higher than in any other business in the Midlands. Two district nurses visit sick girls, and a committee of forewomen give out tickets once a week for hospitals, etc. The Hall is a home for sixty girls, who pay six shillings a week for board and lodging: the vinery supplies grapes for the sick-room, — 1,200 bunches were so given out in 1897. The girls are remarkably healthy, the works being well ventilated, warmed and lighted: their bicycles are numerous, and a cycle-house shelters them. In the diamond jubilee year of the Queen the Cadburys deposited in the post-office a sovereign for each girl who had been employed three years, and a half sovereign for every other. Thus each girl has a savings account (increased in nine months of 1897 by £1,200); the Cadburys increase

the interest paid by the postal bank, and the accounts are so managed that only the depositors know the size of their accounts. Fines for lateness go to the hospital Saturday fund, others to the sick club. One object of this club is "to provide means for paying sums weekly to members who are compelled to absent themselves from work in consequence of infectious disease in their families:" a clean bill of health must be presented by any worker who has been so exposed, and full pay is assured him or her while shut out. The Cadbury works have the usual number, at least, of special organizations, — musical, literary and other clubs, and technical schools, — all aided morally and materially by the firm.

Adjoining the factory grounds are some 140 acres, which are gradually being laid out so as to make it "easy for workingmen to own houses with large gardens, secure from the danger of being spoilt, either by the building of factories or by interference with the enjoyment of sunlight and air." The gardens average about one sixth of an acre, and the size of the house is so determined that the garden may not be overshadowed. The land is leased for 999 years for a half-penny to a penny a yard, ground rent. By 1893 there had been built thirty-six attractive cottages, "which might be described as semi-detached villas," each having five rooms and a scullery; the rent is five shillings to six shillings a week. The Cadburys will advance up to £20,000 on mortgages at  $2\frac{1}{2}$  per cent. to those who wish to build, and can pay one fifth of the cost in cash. This building plan is open to any one, whether an employee or not, who can repay the loan in small installments. No person can own more than four

houses. Seven acres have been set aside as a recreation ground, smaller plots for children's playgrounds, and for schools, baths and an institute — all to be in charge of a committee appointed by the tenants. No shops (except a few retail ones in allotted positions), factories or business of any kind will be allowed on the estate.

It is not strange that this remarkable combination of business ability and active kindliness has produced the happiest results. The Cadbury works are not disturbed by labor troubles. The girls are a very cheerful and contented company: the country folk say that they can easily tell a Cadbury girl, — “She sings hymns at the wash-tub.” Nor is it strange that visitors to this immense factory, surrounded by green fields, shady lanes and highly cultivated grounds, call Bournville “a Worcestershire Eden,” and speak of its women-workers as “the luckiest girls in the world.”

The Fry Brothers of Bristol are the oldest cocoa firm in the world, dating back to 1728. They now employ some 2,000 workers, of whom 1,600 are girls. Their work-hours are from eight A. M. to five P. M., with intervals for meals. “One of the floors at the chief factory has been made into a huge meeting-room, and here, each morning, after the girls have been at work an hour, a service is held lasting about twenty minutes, conducted by one of the firm. . . . Often there are considerably over 2,000 workers present. The employees join heartily in the singing, and the silence during prayer is very impressive. [The Frys are Quakers: “for the best of all employers commend me to a Quaker” is a common saying.] A short gospel address is given, and a chapter read from each of the Testaments, and then the people make their way back to their respective rooms. Pro-

vision is made for the girls to have dinner inside the works, and at night various classes are held on the premises, at which the girls learn sewing, cookery, and receive instruction in all manner of subjects likely to be helpful to them.”<sup>1</sup>

Tangyes, Limited, engineers of Birmingham, employ some 3,000 men in the great Cornwall works. From their penny pamphlet describing their numerous institutions for their employees I take these particulars. Science classes in connection with the Birmingham and Midland Institute, in mathematics, geometry and machine drawing, are open to employees only. The company pays a considerable part of the instructors' salary; the fee is from two shillings six pence to five shillings per term. Lectures on subjects suggested often by the men have been given on Tuesdays and Thursdays throughout the year. The addresses are delivered in the messroom during the last half of the dinner-hour, while the men smoke, and “have always been very much appreciated by large and attentive audiences.” The messroom or dining-hall accommodates 1,000 persons; with the kitchen attached, it is rented to a contractor who provides meats, pies, puddings and drinks at a low rate. For every person using the room the contractor may receive one penny a week, in return for which he warms food and supplies hot water for making tea and coffee. Dinner is provided free for some sixty chief clerks and managers.

A Sunday-school is held at the works at eight o'clock Sunday morning; the teachers meet half an hour earlier for breakfast. Reading and writing are taught and Scripture lessons given (to 325 scholars in 1884). In connection with the school there is a lending library (800 volumes), the fee being one halfpenny a week, which covers the school expenses and provides new books; a savings fund, allowing interest on deposits; a sick fund, with a subscription of two pence a week, — the benefit being 6s. per week for 26 weeks, and 3s. a week for a further 26 weeks. On the

<sup>1</sup> “The Girl Workers of Britain, No. VII.” in the *Home Magazine* of London for 1898.

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death of a member a levy contributes £3, or of his wife £2, or of a child £1. The balance in hand at the end of a year is divided among the members.

A meeting for worship is held Sunday evening, and a temperance meeting every Saturday afternoon, with an average attendance of 500 persons. A dispensary was built and equipped by the firm; it is managed by a surgeon and a dispenser, whose services are confined to the workpeople and their families; 4,636 members, in 1884, contributed for medicines and medical attendance almost enough to cover the cost of maintenance. Each person engaged in the works and his wife pay 4s. per annum, and for each child 2s. 6d., the maximum charge for a family being 18s.; the payments are deducted from wages. A sick-visitor devotes his whole time to his work. The "Cornwall Works Provident Sick Society" is managed by the usual officers (from the firm or the counting-room) and twenty-one committeemen from the various departments. The members are divided into three classes according to their wages.

Class.	Rate of Wages per Week.	Contribution per Fortnight.	Sick Benefit per Week.	Death of Member.	Death of Member's Wife.	Death of Member's Child if under 14.	Funeral Levies.
A	under 8/-	2d.	3/-	£1 13 0	... ..	... ..	1d.
B	" 15/-	3d.	4/6	£2 10 0	... ..	... ..	2d.
C	15/- & over	6d.	9/-	£5 0 0	£2 10 0	£1 0 0	4d.

Sick or disabled members may receive 13 weeks' full pay and 26 weeks' half pay; a contribution of 1d. a week will continue membership during the rest of their illness. A Foremen's Trust Fund was established in 1878 with a gift of £2,000: it gives a weekly payment in cases of illness and £100 in case of death. Every employee who is a member of a provident society may enjoy the benefits of an accident fund, which pays in case of disablement from 5s. to 15s. per week, and in case of death from £25 to £100 according to wages.



The issue of bonds of £50 to some of the older work-people (described in my "Profit Sharing," p. 286) was discontinued after some years subsequent to 1883 in favor of other methods. The Tangyes men support a choral society, and a Saturday collection for the hospital, generally a penny a week from each man. "On the last Saturday of the hospital year the men work one hour over time, devoting the proceeds to the fund."

At the Elswick Works, Newcastle-upon-Tyne, the great firm of Sir W. G. Armstrong, Whitworth & Co. have an "employés deposit fund," which receives deposits of not less than one shilling nor more than one pound a week: officials paid quarterly may deposit not more than two pounds in one week, the limit for them being £400, and for employees paid weekly £200. Four per cent. interest is added to each account semi-annually, and a bonus "equal to half the difference between the fixed rate of four per cent., and the dividend payable on the shares of the company." The company does not express itself on the workings of this scheme, as it has not been long in operation here. The company has both ordinary and "premium" apprentices, the latter having opportunity to learn the business in a variety of departments. For the last half century there have been connected with the Elswick works a Mechanics' Institute, a day school with a science class, and a night school, mainly for apprentices, with classes in mathematics and natural science: these have enjoyed the patronage of the heads of the concern and have had very excellent results.<sup>1</sup>

<sup>1</sup> Professor Paul Bureau, author of a prize essay on *Participation aux Bénéfices* written in 1895, reports that "in the important gun foundry now under the direction of the son of the great employer philanthropist, Sir Joseph Whitworth, each workman, with the ex-

Several English railways have relief departments for the benefit of employees. The Midland Company is reported to have contributed in 1898 to the superannuation fund of the salaried staff, £16,643, and to the funds of the workmen's friendly society, £16,678. The London and Northwestern Company established in 1877 its "Insurance Society," which provides "pecuniary relief in cases of temporary or permanent disablement while in the discharge of duty, and in all cases of death." The contributions are one penny a week from boys, and others with wages under twelve shillings a week, two pence from porters, and three pence from passenger guards and brakemen. In case of members who agree beforehand "to accept the contribution to the funds of the society" by the company in full of all claims, the payments made by the trustees (the chairman, deputy chairman and secretary of the company) are from two to three times as large as in the case of those who do not so agree. For guards and brakemen, for instance, the payments are, in case of death by accident while in service, £100 or £40 : for permanent disability, £100 or £35 : for temporary disability, 21s. a week, or 18s. : for death

ception of the upper overseers of each shop, may deposit with the house any sum at the rate of a pound sterling a week. These deposits receive a dividend equal to that on shares, and even in bad years five per cent. interest: they can be withdrawn at will, after notice. 'About one third of the workmen,' Mr. J. Whitworth tells me, 'have profited by this opportunity : at present more than £20,000 sterling have been thus deposited and some have more than 5,000 fr. The system has been in operation more than twenty-five years; it gives us the best results. . . . We have succeeded in attaching to our works an important group of very honorable workmen, of a social level above the average.'" The Whitworth firm has since been combined with the Armstrong company, and the latter's method seems to be a modification of that reported by M. Bureau.

from any cause not provided for in the rules, £10 in case of service or not. The number of members of the Insurance Society, December 31, 1893, was 44,439: in that year there were seventy deaths from accidents on duty for which the society paid £5,029, and 431 deaths from other causes for which the payments were £4,246: for permanent disablement £6,985 were disbursed: for temporary disablement, £20,328. The total receipts of the society to December 31, 1893, were £535,369, of which the members paid £322,964, and the company £200,396.

The Provident and Pension Society, established in 1889, provides weekly allowances in case of temporary disablement, retiring gratuities for old or disabled members in certain cases, death allowances, allowances toward the funeral expenses of a member's wife and pensions to the old or disabled. Membership is compulsory, with three classes, members of the first and second classes paying one penny a week. The company contributes for pension benefits £3,000 a year until the first and second class contributions amount to this sum, and then it gives an amount equal to the members' contribution, but in no case more than £6,000 a year. The company in like manner contributes for provident benefits £800 a year, in addition to the fines. The management in general is the same as that of the Insurance Society. Pensions, payable after sixty-five years of age and twenty years' contribution, are 12s. or 9s. a week: disability payments, 12s. or 6s.: the payment on death of a wife is £5: retiring gratuities range from £6 5s. to £50. The society's report for 1893 gave the number of members as 34,280, the receipts as £46,963 (from the company £6,683) and expenditures as £37,686.

The London, Brighton and South Coast Railway Company has two relief departments — the “superannuation fund” and “railway servants’ insurance” — corresponding generally to the departments of life insurance and pensions in other companies; but the system appears to be compulsory,<sup>1</sup> and the allowances in case of death or superannuation are different, and the premiums and contributions are larger in the ratio of larger life insurance and weekly allowances. All officers and other regular employees not over forty years of age must be contributors to the superannuation fund. If a contributor has been ten years in the employ of the company, he can retire at sixty upon an allowance of twenty-five per cent. of his average salary: for each year of contribution above ten, one per cent. is added up to the maximum, after thirty-five years’ contribution, of fifty per cent. The contribution is  $2\frac{1}{2}$  per cent. on the salary earned; the company contributes an equal sum. The applicant for admission to the “railway servants’ insurance” signs a form varying, according to five classes, from first class (a), carrying a life insurance of £300 and a weekly allowance of 20s. in case of injury (premium 1s. 6d. every two months), to class No. 3, with £100 insurance, 10s. allowance, and 6d. premium. He releases the company from all other claims in case of injury or death.<sup>2</sup>

The Great Western Railway maintains at Swin-

<sup>1</sup> “Forty large industrial undertakings, including the Midland Railway Company, make compulsory insurance in employers’ own benefit societies, the premiums being peremptorily deducted from wages.” *Industrial Democracy*, by Sydney and Beatrice Webb, vol. ii. p. 551.

<sup>2</sup> See for fuller details concerning the Northwestern and Brighton railways, *Railways and their Employees*, by O. D. Ashley, pp. 80–90.

don, Wilts, its locomotive works, its central works for the construction of carriages and wagons, its mills for producing "merchant iron," and its foundries, all of which cover, with the yards, 208 acres. In all kinds of construction, fitting and repairs, it employed, in March, 1898, 11,898 persons, with 300 more in the traffic and permanent way departments. The company subscribes directly to the Great Western Railway Mechanics' Institution, which had 7,810 members on March 31, 1899; its library contains 20,750 volumes, including a reference library; in the reading-room seventy-nine copies of various daily newspapers are taken, in addition to those procured for the smoking-room, and the ladies' reading-room, and many weekly papers and magazines. The building also contains a large hall, a lecture hall (where a series of popular lectures was given in 1898-99, with an average attendance of 650 persons); a recreation-room; a billiard-room; a chess and draughts room, and a chorus-room, for the choral and orchestral union, which last season produced "The Messiah" and "Elijah." A dancing class is held, and at the annual juvenile fête in August, 1898, 13,468 adults and 10,952 children paid the admission fee. The annual trip at the expense of the company is taken in excursion trains to any station on the lines, the members returning the next week. Magic lantern entertainments for school children, and other items, brought up the total expenses of the institution, as stated in its fifty-fifth annual report for the year ending March 31, 1899, to £3,093 1s. 1d. The company subscribes to the mutual assurance and sick fund societies. The fifty-second report of the medical fund society, for the year

1898, states that there were 12,142 members. It speaks of the hospital and dispensary (built by the company); the washing baths, used by 33,020 persons in 1898, with an income of £403 16s. 9d.; the Turkish baths, used by 1,683 persons, with fees paid amounting to £51 13s. 6d.; the swimming baths, used by 25,231 persons (exclusive of Board School children), who paid £198 5s. 5d. as fees (the bath system is aided by the company); the accident hospital; and the nineteen hospitals in London and elsewhere, to which letters were given to sick members; the members contributed £8,510 1s. 4d. The sick fund society of the Great Western Railway locomotive and carriage departments, in its fifty-fifth report for 1898, gave the number of members as 10,968; the income from them as £7,824, with £369 as interest received; it expended for superannuation benefit, £569; for sick benefit, £5,431, and for funeral benefit, £920; its balance was £11,335. The company has provided at Swindon a church, a recreation park, a large drill hall, and school accommodation for some 800 children.

England is notable for the prevalence of that excellent institution for the workman, the Saturday half holiday. Besides the stipulations of the factory laws, applying to women and young persons, which prohibit work after 12.30, 1 or 2 o'clock P. M. according to circumstances, the Early Closing Association has done much in this direction: the majority of its vice-presidents are large employers. Early closing on Saturday is the practice of some hundreds of houses in London, and is more general outside London: Thursday is sometimes, as at Nottingham, substituted for Saturday, for local reasons. Payment of wages on

Friday is a natural accompaniment of the Saturday half holiday, and it has had the best results, in respect to increasing temperance and otherwise.<sup>1</sup>

The institutions of the Scottish Coöperative Wholesale Society, at Shieldhall, near Glasgow, show what workmen will do for themselves where the principles of coöperation are well understood. The buildings in which the nineteen branches of industry are carried on are of model construction. "The rooms are lofty, spacious and well ventilated. They are warmed throughout by steam and lighted by gas and electricity. The best sanitary arrangements are everywhere provided, and the healthy appearance of the workers in every department testifies to the favorable conditions under which they perform their daily labor. Two large dining-rooms are provided on the premises, one for each sex, capable of accommodating at one sitting 700 to 800 persons: and in close proximity to the dining-rooms there are also two large reading-rooms, provided with numerous papers and periodicals, and the means of innocent recreation. Food of the best quality, and well cooked in a series of large gas stoves in a spacious cooking-room, is supplied to all at cost price. . . . The full recognized standard rates of wages are paid, while the hours worked in some departments are two and a half per week less than they are in private workshops. . . . Every worker in the business, from the youngest to the oldest, receives on his or her wages, out of the profits, the same amount per pound as the shareholding societies receive on the amount of their purchases."<sup>2</sup> The adult workers may

<sup>1</sup> See *The Saturday Half-Holiday*, by Rev. James Yeames, in publications of the Church Social Union, No. 36.

<sup>2</sup> *The Leeds Mercury*.

become shareholders; in 1894 this recent arrangement had allowed 166 employees to procure shares to the amount of £1,132, on which 5 per cent. interest is paid: one half of the bonus must be so invested.

Another example of "social engineering" is afforded by the United Coöperative Baking Society of Glasgow. It had 911 employees in 1898, occupied in its baking, restaurant, catering ("we furnish everything for weddings except brides"), farming (103 acres in one piece for roses and other flowers), and building departments. The employees "belong to the union of their trade, if there is one;" the bakers working fifty hours a week "get one shilling more than trade-union wages, and their bonus in addition." The society, which is a federation of societies, has always shared profits with its workmen, and seven years ago it gave them a voice in the management. A Bonus Investment Society was formed of the employees who wished to become stockholders: this society represents the employees at general meetings of the Baking Society. Employees cannot become members of the managing committee or officials, but a joint committee on educational work (three directors and three employees) supervise the gospel meetings, the two swimming clubs for men and women, the women's guild, the literary and music classes, the draughts club, the Bonus Investment Society, the physical drill, the ambulance class and the fire brigade. The women employees are given the dresses they wear at work, and the rooms are artificially cooled for their benefit.<sup>1</sup>

<sup>1</sup> See *Labor Copartnership*, by H. D. Lloyd, p. 311.



## CHAPTER VIII

### AMERICAN LIBERALITY TO WORKMEN

PATERNALISM is not a word or a thing acceptable to the American workingman. He very properly desires to be his own master outside of work-hours, and he is quick to resent any manifestation of the patriarchal or patronizing spirit in his employer. The same democratic feeling, nevertheless, logically welcomes the evidences of a disposition on the employer's part to treat his employees with natural kindness and unpatronizing generosity. When he founds institutions for their benefit, they should have the chief part in the administration of them — this is the essential matter, as we shall see. Further preface to an account of what some American employers are doing seems to be here unnecessary.

One of the most remarkable factories anywhere to be found, by general confession of those who have seen it, whether home or foreign observers, is the American Waltham Watch Factory, at Waltham, Mass. In the same prosperous town that saw the first fully developed cotton-mill in which all the processes of the industry are carried on under one roof, the "American method" of making watches by machinery has been carried to its present astonishing state of perfection (if perfection be possible in this world). The 1,900 workers who perform the 3,750 distinct processes required in making a stem-winding

watch are nearly all American by birth, and most of them are of New England lineage. It is not likely that the noted factory girls of Lowell in the first third of this century, who contributed to the "Offering," had a higher average level of intelligence than the young women in this watch factory. As one notices at noon or evening the great company of workers leaving the factory, he sees such a crowd as comes out from a concert or a lecture in a New England town. Only their dress, which is that of every-day for sensible persons who adapt their array to their duties, indicates that this is a multitude of workers who have just dropped their tools or quitted wonder-working machinery, instead of a throng who have been enjoying leisure in a refined way. No large company of operatives in this country is superior in intelligence and character, and it is doubtful if any other is quite equal — all things considered.

The relations between these exceptionally intelligent and independent workers and the corporation which employs them have always been friendly: no strike has occurred since the establishment of the works in 1853. Wages are liberal as compared with those paid in other industries, and the company has, from the beginning, shown a sincere desire to attach its employees to the factory by following a generous policy in all its dealings with them. It has, for instance, steadily encouraged the married workers to become owners of homes. It early purchased a large tract of land adjoining the factory (which backs upon the Charles River); two small parks face the factory, and another has been reserved at a distance. It sold lots to employees at low prices, often aiding them to

build with loans and other assistance, and the steady employment it has given has been one of the best guarantees of safety to the would-be builder. The company has also built many houses itself and either sold them on easy terms to its workers, or rented them at low rates: they are probably the best homes for workers in the country. The result is that over one fourth of the married employees own their homes; the proportion is increasing year by year. A coöperative loan association has aided this good tendency.

The company provides a large boarding-house where "150 of the young women, a very few married couples, and half a dozen bachelors" were found boarding by Mr. John Swinton in 1887.<sup>1</sup> The "Adams House," as it is called, charges only three dollars a week for board and lodging, two young women occupying one room. This price "influences, if it does not always fix, the terms at other boarding-houses in the city for female operatives." The company desires to see only an equality of income and expense in running the Adams House. At the men's boarding-house (the Shawmut House) the company's only authority is in fixing the rates: men are charged \$4.50 per week (two in a room); the married men pay \$3 for their wives' board. The "mealers," who lodge outside, are numerous at both houses. The fare in both places is abundant and varied for the price paid, and the social life of the Adams House, in particular, is animated and recreative, as might be expected from the high standing of the boarders among working people. Mr. Swinton

<sup>1</sup> See Mr. Swinton's valuable "social study" entitled, *A Model Factory in a Model City*. Mr. Swinton spent a week at this house while making a thorough investigation of the factory.

was introduced to one of the foremen in the factory as Mayor Fisher, and he met immediately after four aldermen, a deacon, two directors of the public library, the chief of the city fire department, several militia officers, and a member of the factory brass band (one of the best in the State) — all employees. Quite a number of the workmen and workwomen are stockholders in the company, as well as owners of their homes. Drunkenness is almost entirely unknown among the men of the factory.

The company, being naturally desirous of keeping up the high grade of its employees, carefully respects their independence. ("You won't find a more independent set anywhere in creation," said a townsman to Mr. Swinton.) No condition is made as to race or birth, precedent to employment: the employee is perfectly free to join any labor organization that he pleases; and the privileges already mentioned are offered to the employee, not forced upon him. There is no permanent committee of conciliation, as in European factories; but any aggrieved individual can state his grievance to the president, and it receives immediate consideration. Where a number of persons are concerned, they "appoint a committee to present their case, experts are called in, the foreman of the department is summoned, and the matter is settled in joint conference, somewhat after the manner of an arbitration board. The cases of moment that arise are very few, not more than three or four in a year."

The Watch Factory Mutual Relief Association had a membership, January 1, 1899, of 1,033. The member pays twenty-five cents a month, and the company contributes \$200 a year. A bicycle shed yielded

\$203.25 in 1898. The total receipts for 1898 were \$3,138.75; benefits paid were \$2,531, and the balance, January 1, 1899, was \$1,772.87. The visiting committee attends to sick members, who may draw four dollars a week for ten weeks as benefit money: \$50 is paid for funeral expenses: the work of the association is carried on in the factory during work-hours. In a city of which the employees in the watch factory form so important and so integral a part, provision for their intellectual and social life is very wisely left by the company to the community,—one of the most intelligent, temperate and thrifty in the State. A fine public library, an excellent school system (including a manual training school), lecture courses, musical organizations, and the higher social entertainments in abundance minister to the intellectual and social needs of a population which is suburban to Boston, with all its opportunities. The factory has a fortnight's vacation in the summer.

This great establishment, which illustrates in a signal manner the triumph of machinery in its most delicate applications—the oldest watch factory in the country and the largest in the world,—sending out watches by the half million each year, shows what can be done materially and morally to make the relations of employer and employee permanent and kindly. The vast building is a model of construction and maintenance, as regards light, ventilation, even temperature and general cheerfulness of aspect: the social life of those who work in it evinces a true mutual esteem and a sincere coöperation, without any alteration of the methods of the existing wages system. The treasurer, Mr. Robbins, believes that all the in-

vestments of the company which tend to make the environment of the worker pleasant — the parks, the lawns and the gardens near the factory — pay in many ways. Their chief value, he holds, is in their moral influence upon the workpeople. The interest, as well as the obligation and the pleasure of the employer, is found in such a policy. “Anything that tends to lighten the strain of labor upon the mind, or serves to promote cheerfulness and contentment, is an economical advantage. In short, Mr. Robbins claims that he serves his company best when he secures at any expense a willing and contented service from his employees.”

The Elgin Watch Company at Elgin, Ill., employing some 2,000 persons, keeps up a hotel, accommodating 300 men who are unmarried, at such rates as make it no expense to the corporation; the company has provided a fine gymnasium for the whole body of employees.

Among the most desirable institutions for the benefit of workingmen is the club-house which, indeed, groups together a considerable variety of institutions and arrangements under one roof, after the manner of a Young Men's Christian Association or Union. Especially where great numbers of men are employed, as in iron or steel works, is the club-house controlled by the workmen themselves an excellent institution. A number of such houses are now to be found in the United States. The pioneer among several in the iron and steel industry, and the one with the most fully developed circle of activities, is the Athenæum of the Illinois Steel Works Club at Joliet. Mr. W. R. Stirling, of Chicago, then a director in the company, was active in establishing this model institution, which

was brought to its present state of completeness under the superintendency of Mr. Walter Crane, now in charge of the Carnegie Club at Braddock, Penn.

The Steel Works Club of Joliet is a corporation, organized under the laws of Illinois, December 14, 1889: its objects are stated to be the promotion of "healthful recreation and social intercourse between its members" and the affording of "opportunities for physical, intellectual, scientific and moral culture." It is under the control of fifteen directors, seven elected one year and eight the next, to hold office for two years, with the usual officials. The directors have no power to make the club liable for any debt beyond the income. Any employee of the Illinois Steel Company (there are some 2,400 in all, receiving over a million dollars a year in wages) is eligible to resident membership: there are also honorary members. The membership fee is two dollars a year, payable in advance, or in semi-annual or quarterly installments. The club meets regularly four times a year, and the directors once a month. The provisions of the lease of the Athenæum from the company were adopted as a part of the regulations of the club: one of these was a veto power on the action of the directors, but there has never been an occasion for exercising this.

The Athenæum is a handsome stone building, located near the works, on the eastern side of Joliet. It was erected by the company in 1889 at an expense of \$53,000. It contains a gymnasium (45 × 45 ft.), a hand-ball court (32 × 32 ft.), baths, swimming pool, reception and reading rooms, a library, billiard (six tables) and game and class rooms, and a hall that

will seat 1,100 persons. The building is heated by steam and lighted by electricity from the works, and in the rear of it are grounds for flower-beds, croquet and lawn tennis. The gymnasium is well supplied with apparatus; naturally it is more popular with the boys and the younger men than with the older men of the works, but the two bowling alleys are in general favor. It has twenty-one dressing-rooms and 248 lockers. There are classes with free instruction for young men, young women and boys. The bathing arrangements are admirable; the large swimming pool occupies part of two stories: there are sixteen baths—shower and tub: one towel is furnished free and others for a cent apiece. The bath-house is open from 7 A. M. to 9.30 P. M.: sons of members, from nine to sixteen years old, can enjoy the privilege of using the pool for the summer season of five months for 25 cents: in 1890, 13,000 baths were taken, and this has been about the average since, though the number of members has varied from 800 to 1,300. The city of Joliet furnishes water for the building free, while the company pays for light, heat, taxes and the salary of the superintendent: the company also keeps the building in repair. No spirituous or intoxicating liquors can be sold or used on the premises or brought to them: no betting or gambling is allowed.

No religious or political meetings can be held in the large hall, which is used for lectures and entertainments (twenty-seven in 1890–91, in a course for a two-dollar fee), and for a Sunday afternoon song service. An orchestra meets in the art-room once a week. There are evening classes, at a small fee, in arithmetic,



shorthand, penmanship, drawing and other practical subjects. The kindergarten is free to children of members; others pay one dollar a month for tuition. Wives and adult daughters of members can join the evening classes, and can take books from the library (over 5,700 volumes) in their own names for twenty-five cents a year. The race mixture at Joliet is shown by the presence of books and periodicals in German, Swedish, Polish and Hungarian.

There is a committee of the members on benevolent action, and the works have a mutual aid society, with 1,400 members: the assessment is 25 cents a month: the relief is 75 cents a day, and \$100 in case of death. There is a savings-bank and a mutual life insurance company in the club, and the club writes fire insurance at the lowest legitimate rates. The members paying for their houses on installments can bring their papers to the library and receive information as to their precise financial position: those intending to build can have working plans and specifications made for them without charge. There are coöperative arrangements for the purchase of flour, coal and potatoes, books, magazines and newspapers, and railroad and steamship tickets. The librarian furnishes stationery for correspondence free, issues foreign drafts, and domestic and foreign money orders, and exchanges foreign money. An annual flower exhibition, a monthly bulletin, "ladies' day" (Friday of each week) and university extension classes are other things to be noted. The building has a homelike appearance as if run by workingmen for their own comfort, spittoons abound, and no placards exhort the members in the language of "Don't." The influence

of the club upon character has been marked, and the generosity of the company is fully appreciated by the more intelligent part of the force.

The Carnegie Steel Company, of Pittsburg, at its various establishments, — the Lucy Furnace, Keystone Bridge Works, Upper and Lower Union Mills, at Pittsburg; the Homestead Steel Works; the Edgar Thomson Steel Works, at Braddock, and the Duquesne Steel Works, — employs about 15,000 men. When running full-handed, it pays them some \$13,500,000 a year in wages, — about \$50,000 a day, and an average of \$3 a day to each employee. In 1889 Mr. Andrew Carnegie adopted a plan for encouraging savings by the men and for manifesting the good-will of the company, which has had very beneficial results. The company established a savings fund, making no charge for clerical or other service, with the following rules: A first deposit, not less than \$3 is received from any employee (from no other person except by special arrangement), and subsequent deposits can be made in sums not less than \$1 up to \$2,000 in all: by special arrangement only can this amount be exceeded. On his deposit the employee receives 6 per cent. interest every year, without regard to profits or losses made by the company. Every manager of a department will receive deposits, for the convenience of the employee. The number of depositors availing themselves of this generous rate of interest (fifty per cent. higher than the savings-bank rate in Pittsburg) has been large, and in 1898 a million dollars in round numbers stood to their credit: quite a number of men have had compound interest on their deposits for some years. The

great advantages of this plan to the thrifty employee are obvious: and it is only natural that a Pittsburg paper, speaking of the contention of English iron and steel manufacturers for "the same freedom in the employment of labor as that enjoyed by the Carnegie Steel Association," should remark: "It is important that they should understand exactly what the Carnegie company does." The company has also loaned on long-time mortgages over half a million dollars, to workmen desirous of building houses of their own: a large number have thus acquired homes.

Mr. Carnegie's high estimation of public libraries as a social force and his munificence in establishing them are well known in Great Britain and the United States. When he promised, some years ago, to erect a library at Homestead, it was before "experience taught us at the Edgar Thomson works that a library was much, but not all."<sup>1</sup> Accordingly, first at Braddock and then at Homestead, a little nearer Pittsburg, Mr. Carnegie has built and generously endowed institutions which, while called "libraries" for short, are combination buildings like that at Joliet, and which are more properly to be styled club-houses. The institution at Braddock, the Carnegie club and library, while finely equipped, is surpassed, from the material point of view, by the imposing structure on the hillside at Homestead.

The Braddock Library has cost some \$300,000 to build and equip, and it receives \$10,000 a year from Mr. Carnegie: but this last sum does not include his frequent gifts. Its many activities much resemble

<sup>1</sup> Speech at the dedication of the Carnegie Library, Club-House, and Museum at Homestead, November 5, 1898.

those which Mr. Crane formerly superintended at Joliet, while they are maintained on a larger scale. I note, therefore, but a few details. The club fee for employees is one dollar a quarter, for non-employees twice as much. A course of eight lectures and entertainments is given once a fortnight for a dollar fee. Classes will be organized for ten persons desiring instruction in a practical study, for fifty cents a month tuition. Smoke talks and concerts and an annual exhibition of paintings are held. The library proper is free to all the residents of Braddock: it is open Sunday afternoons as well as week days: it has exchange stations at three centres near, like Wilkesburg: and it sends traveling libraries of 50 to 100 children's books to the schools in outlying districts. The club and library publish a monthly "Journal."

The Carnegie Library at Homestead is a magnificent fireproof building, 228 × 113 feet, in the French Renaissance style. It has a park about it and commands a fine view. The music hall occupies the eastern end: the auditorium seats about 1,200 persons, and contains a fine organ, to the right of the stage; the latter is arranged for theatrical or concert uses. The hall will be rented for entertainments of reputable character, and the use of it is given for the commencements of the high schools of Homestead and Mifflin township, and for meetings "held for the general good of the public." The library proper occupies the centre of the structure: it contains some 7,000 volumes, — the use of which is free to residents of Homestead and vicinity. Books may be ordered by telephoning to a delivery station in the town: a book will be reserved for an applicant for one cent to pay

for a postal card notifying him of its return to the library. Access to the shelves is given to the public to select books or to examine those of any one class. There is a special reading-room for children, and a "Library News" published monthly for the whole institution. Over 35,000 volumes were drawn between November 5, 1898, and April 1, 1899.

The Homestead Library Athletic Club has its quarters in the western end of the building, devoted to a gymnasium, baths and swimming pool, bowling alleys, and billiard and card rooms. It is under the control of nine directors elected by the members. The member eighteen years of age or older pays four dollars in one payment or six dollars in quarterly payments, if an employee: other persons (217 out of a total of 1,198, January 1, 1899) pay six or eight dollars, according to the time of payment. Women pay one dollar a quarter and boys under eighteen, fifty cents, for the use of the club in limited hours: boys are not admitted to the billiard or card rooms. The library endowment supplements the fees received. Forty classes in the gymnasium numbered 904 in January, 1899. There are committees on bicycling, baseball, Rugby, cricket, football, bowling, tennis and quoits, as well as for the other usual purposes. Grounds for outdoor sports will be laid out. The educational department of the club will be developed, the institution so splendidly housed being yet in its infancy. Doubtless Mr. Carnegie will be able to say of it in time, as of the Brad-dock club, that its "influence has been as potent as it has been beneficial and surprising."<sup>1</sup>

<sup>1</sup> Mr. Carnegie has announced his intention of building a similar library and club-house at Duquesne, a few miles from Homestead.

The Cambria Steel Company (formerly the Cambria Iron Company), of Johnstown, Penn., maintains a public library with some 10,000 volumes. In the library building is a good gymnasium, used by the Athletic Club. The company has a public hall, the use of which is given for entertainments, lectures and Christian Association meetings at a nominal sum. It has established classes for mechanical drawing, and gives rooms for the meetings of art and musical associations. The Cambria Mutual Benefit Association competes successfully with the benevolent and fraternal orders, often supplementing their assistance, and is more liberal than the accident-insurance companies. Membership is voluntary; on October 31, 1898, there were 8,170 members: dues received from members during the year were \$68,356.30; the *pro rata* donation of the company was \$7,392.58; the total receipts were \$88,968.80; the disbursements were \$72,183.73 (\$5,090 for hospital expenses and furnishing), and the balance was \$16,785.07. Members are classified as general and special. General members are all those not over forty-five years (1) who pay 30 cents a month, and receive three dollars a week for disability (\$30 for funeral expenses); (2) who pay 40 cents, and receive four dollars for disability (\$40 for funeral); (3) who pay 50 cents and receive five dollars (\$50 for funeral). An employee over forty-five years can join either of the foregoing divisions by paying 25 cents a month additional. The special class consists of ordinary shop hands, clerks, women employed in factories, and outside laborers, paying 75 cents monthly; and of all other employees in and about the mines, mills and works, including mechanics and machinists who pay one dollar a month: if between forty-five and fifty-five years of age, a member of the special class pays 25 cents a month additional. The benefits to all alike are five dollars a week for disability; \$50 for funeral expenses, in case of death from disease or from general accidents; \$500 in case of the loss of a hand or a foot by accident while at work, or going to, or returning from it; \$1,000 in case of

total blindness resulting from an accident under the same conditions, and \$200 if the accident happened while at work and caused the loss of an eye, the greater benefits covering the less; needless exposure on a railway track vitiates the member's claim. The company erected a hospital which the association maintains. The company acts as treasurer; supplies office room and clerical service free; contributes one dollar a year for each member, and guarantees the payment of all benefits. In return, the member releases the company from liability to actions for damages so long as he is a member.

The employees (1,000 in number) of the **Ingersoll-Sergeant Drill Company**, of **Easton, Penn.**, started a mutual benefit association, modeled on the Cambria association, January 1, 1899; it numbers already 518 members. The contribution is but 25 cents a month: the benefits are those of the special class in the Cambria association (\$50 more for funeral expenses).

The **Pennsylvania Steel Company**, of **Steelton, Penn.**, has given to that borough a large modern style schoolhouse, and established in it a small library for the pupils and for the citizens of the town. The company provides informally for workmen disabled by accident or old age. The branch of this company at **Sparrow's Point**, near **Baltimore**, has there a tract of 1,000 acres of land; it owns all the schools, boarding-houses and dwellings, but leases the sites of the different churches. A branch savings-bank, not managed by the company, is well patronized. No liquor is sold, and prices at the company's store are lower than the prevailing rates; there is a small club-house.

The **Cleveland-Cliffs Iron Company** has mines and furnaces at **Marquette**, **Ishpeming**, and other points in **Marquette County, Michigan**, on **Lake Superior**. Its benefit fund works as follows: From each employee's monthly pay thirty cents is deducted, and the company contributes an equal amount. For every

fatal accident or total disablement \$500 is paid. To men partially disabled in the mine, and having to stop work, payment is made at the rate of \$25 per month for a married man, and \$20 for a single man. These payments are made on the authority and requisition of the physician in charge of the hospital. The company leaves the accounts perfectly open, and defrays the entire charge of keeping them. A joint committee of the men and the company worked unsatisfactorily, the men paying but little attention to it, and it being difficult to get them to attend a meeting to approve items of expenditure: it was therefore abandoned eight or nine years ago, and there has been no complaint. The hospital service is maintained by deductions from the pay of each man of one dollar a month. This is paid to a corps of physicians and surgeons, who keep an excellent hospital, dispensary and pharmacy, and, without any further charge to the men or their families, attend them in all cases of sickness as well as accidents, — at their houses, if they can be properly cared for there, or if not, at the hospital. The company contributes no money for this, but simply exercises its judgment as to the efficiency and character of the physicians and surgeons. The several mining companies in the city of Ishpeming unite in this hospital plan, and thus enough money is collected to employ a very efficient medical service. The company pays prizes for the best-kept premises, for vine planting and for window-box gardening — this year these prizes are twelve amounting to \$148; four amounting to \$30; and four amounting to \$20 respectively; the competitors obtain plants and shrubs at reduced prices. The mines employ an average of 1,200 men.



The number of persons to whom competition for these prizes is open is about 650, including those renting houses or simply town lots from the company. On its steamboats the company employs about 250 men ; it insists that the quarters of the sailors be kept cleaner than is customary, these being provided with facilities for the occupants to keep them in order, and suitable bath arrangements. The vessels are inspected once or twice a year, and reports are sent around to the various ships, thus stimulating each to make a good record. The engineers and firemen receive prizes awarded to the force of the boat which has made the most improvement during the year. Prizes are given to the captains who bring their ships through the season without accident.

The Pope Manufacturing Company, of Hartford, Conn., shows its interest in the comfort of its 3,000 workmen in various ways. In the basements of the several buildings in which the manufacture of bicycles is carried on, each man has a spacious locker for himself, with all the facilities for quick cleaning up. Warm water is kept flowing by the rows of lockers, for the first rinsing, and each locker has its individual faucet with cold water for the final washing. A bicycle stable is provided for the large number who ride the wheel. Most of the men bring their dinner or buy it at the lunch counter, where everything is of good quality and sold at a cost price. A large bowl of soup or stew is sold for five cents, the price of two large mugs of coffee or a bowl of crackers and milk. The company has an ample lunch-room capable of accommodating 1,000 persons : after dinner the men smoke and play cards, or go into the large adjoining room,

which is stocked with daily and weekly papers and magazines, and has a small library. There is a brass band and an orchestra, made up of employees. The Pope Company Mutual Benefit Association, with 300 members, pays \$6 a week relief in case of sickness and \$50 for funeral expenses.

Whitinsville, Mass., is a notable instance of the advantages resulting from the ownership of an industry continuing from the first to the third generation in the same family, residing in the factory town itself. The Whitins now number several distinct households, the heads of which are engaged in the general cotton machinery manufacture originated between 1825 and 1830. The village itself is one of the most complete examples to be found in the United States of a manufacturing place dominated by a single industry in the hands of one family. (In the present corporation half-a-dozen Whitins are the paramount owners of stock and the conductors of the business.) One reaches Whitinsville by the railroad running from Worcester, Mass., to Providence, R. I., getting off at a station called Whitins'. A few rods away is a cotton-mill employing some 100 hands which is owned by the Whitins: a few neat tenements stand near. On the other side of the mill pond is the residence of one of the family. Keeping on in the same direction for a mile and a half, the omnibus brings us into Whitinsville itself: the carriage has followed through the pine woods a railroad track used for freighting from the village to Whitins' station. On this line runs the first electric motor used for freight purposes in the country: it is now, of course, somewhat out of date in its style. A more conservative tendency of the family

was shown in the late introduction of the electric light, and it still appears in the conspicuous absence of a trolley line between the village and the station.

In Whitinsville we find at once the marks of a high-class New England village — fine roads with asphalt sidewalks and well-shaded, flower gardens about the residences not owned by the company, churches and schools in abundance. We see another cotton-mill on the left before coming to the great and special industry of the place, the manufacture of machinery for the cotton business, in which 1,500 men are employed. The men are chiefly a high grade of Irish, the business demanding more than usual intelligence. They live, with their families, in some 300 houses owned by the Whitins (who offer no special inducements to them to become owners of homes). These tenements are considerably above the average of those to be seen in the ordinary cotton manufacturing town, but the range is great from a few old houses on a side street (quite out of keeping with the general looks of the place) through the large number of very decent houses up to the attractive cottages near the pond above the village. Opposite the machinery works is the old Whitin house, surrounded by beautiful grounds, in full view from the street.

A short distance down the street is the Memorial Building erected on a central corner by the Whitins over twenty years ago. This was before the architectural revival due largely to the Philadelphia Exposition in 1876, and the building, though large and commodious, has not the beauty of similar halls in other New England villages. It has more of the air of a plain high schoolhouse. It contains a large hall in

the second story for lectures and entertainments: several smaller halls and class-rooms, and a library for the village, for the use of which a dollar a year is charged.<sup>1</sup> As the centre of the town (Northbridge) is at some distance, with its town hall, this memorial hall supplies its place for all those general purposes which the town hall serves in New England.<sup>2</sup>

The school system of Whitinsville is provided with a fine high school and other buildings for lower grades: \$80,000 is reported to have been the cost of all these: evening schools are held. When it is known that some 76 per cent. of the property in the village is held by the Whitins, it will be seen that a large part of the expense of keeping up the roads, the schools and other public institutions must be borne by them, at their own instance or by vote of town meeting. Purely voluntary gifts made by the family are the point of land made into a little park in the centre of the village, and the handsome stone church of the Congregational-

<sup>1</sup> Where, as in Whitinsville, one learns that a library of this kind is not largely used, it is well to remember that in this day of free public libraries, any fee, however small, has the effect of restricting the circulation greatly. Uniformly experience has shown that the removal of the fee is followed by an increase of the number of card-holders to sixfold the previous list at least. In small communities, again, the custom can safely be followed — always successful where it obtains — of leaving the books, uncovered, on shelves entirely accessible to the frequenters of the library. No community can fairly be called disinclined to reading if it has not free access of this sort to the books in a public library. The small losses thus incurred sometimes are much more than counterbalanced by the many advantages of the plan.

<sup>2</sup> M. E. Levasseur in his valuable work, *L'Ouvrier Américain*, makes the mistake of asserting that there is no municipal administration in Whitinsville, *i. e.* that it is separate from the town of Northbridge in which it lies. He is more correct in stating that no liquor is allowed to be sold in the village.

ists (to the expense of which the family was the chief contributor). The thrifty habits of the workpeople are indicated by the fact that in 1896 the savings-bank of the place had \$633,000 on deposit, at 4 per cent. interest.

Hopedale, Mass., is one of the most finished and best kept manufacturing villages anywhere to be found; there is a large absence of the usual depressing features, and evidences abound of private taste and the employer's liberality. The place owes its name to Rev. Adin Ballou, who established here on Mill River in 1841 the most sensible and practical of Christian Socialist communities.<sup>1</sup> This did not have a sufficient financial foundation, and the Hopedale community had to give place in 1856 to the manufacturing and mechanical talent of the Draper family, who have by no means desired to extirpate the kindly spirit of the earlier years of Hopedale, which is still much in evidence under other forms.

The population of the town (set off from Milford in 1886) is 1,100, nearly all of whom are connected with the shops where the Draper Company, the successor of five preceding firms (capital \$6,000,000), manufactures machinery for cotton-mills, — looms, "temples," adjustable spinning-rings, spindles, etc., — over 100 kinds of machines in all. Of the 1,400 men at work, the great majority come from the adjoining towns where shoemaking and farming have been the chief industries. The population is not stable beyond some 40 per cent. : the skilled mechanics are restless and ambitious to improve their lot, and much inclined

<sup>1</sup> See the *History of the Hopedale Community*, by Adin Ballou, edited by W. S. Heywood. Thompson & Hill, Lowell, Mass., 1897.

to move away after a few years, though they frequently return: they do not care, as a rule, to own their houses. Under these circumstances, the company largely owns the dwellings of the place: there are no tenements of the usual style, and the variety of the cottages is great. Nearly all the company's houses have lawns, bathrooms, furnaces and all the modern conveniences, — water, gas and electric light, with good drainage: garbage and ashes are removed every day or two by the town authorities. Sanitary rules are strict and all buildings are kept in good repair by the company. Prizes amounting to \$200 are offered annually for the best looking yards, etc. Rents vary from \$6 to \$20 a month: in years past they have paid the company from 2 to 4 per cent. on its investment: there are two large boarding-houses or hotels, owned by the company and leased.

The Hopedale Mutual Benefit Association is an entirely independent organization. For the six months ending June 1, 1899, its receipts were \$1,208.30, and its expenditures \$706.85: in eleven years the association paid to disabled members \$8,118.88, and to representatives of deceased members \$2,300. The clergyman of the Hopedale Parish or some one of its organizations relieves cases of distress not provided for by the association, with funds contributed by individuals or the treasuries of these bodies.

George A. Draper and Eben S. Draper, sons of George Draper, have built a fine church of stone in memory of their parents, at an expense of some \$60,000, replacing Adin Ballou's simple structure. A town hall of brick was a gift to the new municipality from George Draper. It contains a well-selected

library of 7,000 volumes: the town appropriates \$500 a year for new books and \$1,000 for administration. Mr. J. B. Bancroft, of the company, is building a handsome public library of granite, to cost \$40,000, as a memorial to his wife. A statue of Adin Ballou will soon be erected in this dale where his hope has experienced such a sea-change.

The National Cash Register Company, of Dayton, Ohio, has deservedly attracted much attention in the last three or four years on account of the consistency and thoroughness with which the two brothers, J. H. Patterson (president) and F. J. Patterson (vice-president), have reorganized the usual factory régime. The ordinary superintendent has been done away with, for some five years. "The entire business is conducted, under the direction of the president, vice-president and general manager, by a series of committees. For the business departments there is the executive committee, composed of nine members, with the general manager of the company as chairman and executive officer, under whom is the direction of the general policy of the business and the conduct of its affairs. The working department is controlled by a factory committee of five experts in various lines of factory work, each of whom acts as chairman in turn. This committee meets regularly for general consultation. . . . The duties are such as are generally assigned to a superintendent and his assistants. . . . There are besides an invention committee, the office committee, and other similar groups having special duties to perform. . . . The selling-force . . . is under the immediate supervision of seven district managers, who are responsible to the manager of agencies. . . .

They meet at the factory every few months. . . . Each of these committees and divisions has its special work, and makes its decisions independently. . . . Important matters . . . may be carried from the lower to the higher for decision. Only matters of the greatest importance are referred to the president and vice-president, so that a large portion of their time may be devoted to the study of methods for enlarging and extending the business.”<sup>1</sup>

A series of monitor-boards in colors takes the place of record, stock and other books, for the ordering and planning of the work of the committees and the departments. The company practices the greatest publicity with its employees ; placards inform the workers of the number of registers to be made, the orders on hand, and the size of shipments. Frequent meetings of all or a part of the factory force are held, semi-monthly meetings of the foremen of factory departments (sixty-five in all), and annual conventions of the salesmen (some 300) and the employees (1,500), lasting during a whole week.

The company encourages employees in several ways to make suggestions or criticisms. In every department is an autographic register which receives suggestions in duplicate, the employee keeping his own draft. In 1897 some 4,000 suggestions were thus made, of which 1,078 were adopted : in 1898, 2,500 were made, the number naturally diminishing with time and the improvement of the manufacture. Every six months

<sup>1</sup> See the handsome pamphlet issued by the company, *A New Era in Manufacturing*. The company publishes a variety of papers and pamphlets describing its business, which it distributes widely. It makes great use of the printing-press, doing its own work in this line.



\$615 in gold are given in prizes varying from \$5 to \$50, to the fifty members of the factory and office forces who make the best suggestions for improvement in the manufacture of registers, or in the conduct of the business. Officers and heads of departments, with their assistants, are debarred from competition. The presentation of prizes is made the occasion of an outdoor festival in summer, with music and fireworks, and a celebration in the Dayton Opera House in the winter. Public monitor boards in the making, selling and recording divisions show the proficiency of each department in the five most important elements of its work, — in the factory, for instance, health, punctuality, quality, quantity and cost; these records are printed in the semi-monthly magazine, the "N. C. R." The department showing the highest standing for the month is the prize department, and it receives a banner which hangs in its room during the following month. The department with the best record for the year receives a special prize, usually a day's trip to Cincinnati with a special entertainment and all expenses paid. Monitor boards are used largely in other directions by committees and departments. The employment bureau thus keeps a record of all persons employed and of all the applications made. Only high school graduates are eligible for office work; only men educated in mechanical and manual training schools for some of the factory rooms; and, after 1915, a placard facing the entrance gives notice that no one will be engaged who has not attended a kindergarten in childhood.

The company pays great attention to the pleasantness and healthfulness of the surroundings of the

employees. The buildings, plainly furnished, are notably light, clean and cheerful looking; palms and flowers are seen in various places, and the factory grounds were laid out by a landscape gardener. The South Park of Dayton, as this quarter is now called, has been made very attractive by the pains which the company has taken to encourage improvement: it gives prizes, through the Improvement Association, to the extent of \$250 a year, for the best kept houses, back yards, window-boxes, ornamental planting and vine planting. It supplies ground, tools, seed and instruction for forty boys to learn vegetable gardening, with prizes of \$50 a year.

The men work nine and one half hours a day with ten hours' pay. Each employee can take a bath weekly or oftener (twenty minutes time allowed) in work-hours, in the company's bathrooms. The two hundred young women employed work in separate departments from the men: they come to work an hour later and leave ten minutes earlier, — eight hours' work for ten hours' pay, reckoning the ten minutes' recess, morning and afternoon. Luncheon is served free in the pretty dining-room on the fourth floor: coffee, tea or milk, and the hot portion of a good luncheon are supplied from a model kitchen: the girls bring whatever else they wish. A rest-room is at the service of the indisposed: a piano, purchased by the young women, and reading matter are available during the noon-hour. The women have regular holidays during the year: they are furnished aprons and oversleeves, laundered free of charge, and they sit at work in chairs with high backs and foot-rests.

The general charge of the numerous institutions

which the Cash Register Company maintains for the benefit of its employees is in the hands of the Advance Department. The list includes a kindergarten with 100 pupils; a school of mechanics, meeting Thursday evening (some 300 men in the company's employ study in various schools); a small library, which is also a branch of the Dayton public library; an industrial school for 110 girls on Saturday morning; a cooking class for about the same number, twice a week; sewing and cooking classes for women; a millinery school; the boys' gardens; a penny bank, and a kitchen-garden for children; the domestic economy department; a dancing school with three classes; a boys' club; an autoharp club; a janitors' glee club (twenty-four members); a band and orchestra; and boys' and girls' gymnasium classes. Most of these activities centre in the N. C. R. House, a cottage across the street, which is also a kind of social settlement on a small scale, with a deaconess in charge.

Other organizations, meeting chiefly in the factory buildings or in the N. C. R. Hall, in the centre of Dayton (used also for lectures and entertainments, largely at the company's expense), are the Relief Association with 933 paying members, — quarterly receipts about \$1,000, and expenses \$725; the Advance Club, which includes the officers and upper employees, meeting once a week for an hour and a half in work hours, to consider suggestions and complaints; the Women's Century Club (208 members); the Women's Guild (93 members); the South Park Girls' Literary Club (140 members); the Men's Progress Club, with 369 members; the Young People's Club; the Bicycle Club (90 members); the Boys'

Military Brigade (120); and two Improvement Associations. The company takes an interest in many sides of the life of its employees,—from their 500 bicycles which it cares for in stables, to their children, for 700 of whom it supports a Sunday-school, with a teachers' association: "Pleasant Sunday Afternoons" is the weekly record of the school, and a leaflet explains the special lesson, which may be devoted to music, flowers, or home-care, as well as to Bible truths.

The great business success of the National Cash Register Company is undoubtedly due, in large part, to the good feeling which its sincere efforts to benefit its employees have engendered. Six years ago it was losing \$1,000 per day; there were many strikes and lockouts, and the factory was set on fire three times, "supposedly by disaffected employees." Now the visitor remarks at once not only the high degree of intelligence of the force, but the pervading feeling and spirit of coöperation in a common cause. A situation in the factory is eagerly sought: 4,000 applications for employment are sometimes on file; the banners, the prizes, and the monitor boards are genuine and effective stimulants; but the friendly feeling of the employer for the employed, shown in so many and varied ways, is the great secret of the company's prosperity. It is an open secret, for visitors are welcomed and many come; much is put into print and widely circulated which is elsewhere jealously hidden. The company figures that the luncheon given to the girls costs three cents, and that the woman does five cents more work each day; this it holds to be a paying investment. In all its other arrangements for the comfort of its employees the company finds "it pays" to be

kindly. The result is a very notable combination of business sagacity and humane helpfulness: it will doubtless exert great influence.<sup>1</sup>

The Stillwell-Bierce and Smith-Vaile Company, of Dayton, Ohio, engineers and contractors, has adopted the factory committee, instead of the superintendent, to take charge of the shop. It is made up from the officers of the company and heads of departments in the engineering division, and holds daily sessions. Suggestions are invited from every employee, and those that prove of practical value are paid for. The men's beneficiary association pays five dollars a week benefit. Many of the men have secured homes through the building and loan associations for which Dayton is noted.

The Cincinnati (Ohio) Milling Machine Company, makers of fine machine tools, employs 240 men. On May 1, 1899, it advanced wages and, in addition, offered its employees a quarterly dividend on wages "depending upon the increased output that they might bring about through increased efforts: our cost-book will show the gain in production per man." The company awards \$250 semi-annually in prizes for suggestions for the benefit of the industry; any suggestions used but not receiving a prize "will be paid for at their actual value." The company provides an annual outing for its employees and their families: each employee receives a turkey at Christmas, and the heads of departments additional presents. The company intends soon to provide a kitchen, dining-room, baths and a club-room for its men.

The Acme Sucker Rod Company, of Toledo, Ohio, the head of which is Mayor S. M. Jones, employs 50 men. The day's work is eight hours. Mayor Jones declares that it costs \$40 to \$50 more to drill an oil well on this time

<sup>1</sup> See an excellent article in the *American Journal of Sociology* for May, 1898, by Paul Monroe, "Possibilities of the Present Industrial System."

than on the twelve-hour plan. The employees receive a week's outing with pay, and for four years they have had a dividend of five per cent. on wages handed to them at Christmas. Each employee is addressed in the dividend letter as "Dear Brother," and a booklet accompanies it setting forth Mayor Jones' views of the need of social reform. The Golden Rule is framed on the walls of the factory as the factory rule. Golden Rule Park is a corner lot next the works, which has become a playground for children, and a pleasant resort for their parents: at "Pleasant Sunday Afternoons" the questions of the day are discussed: in the winter months Golden Rule Hall is used. There is a coöperative insurance plan in effect among the employees.

North Easton, Mass., is distinguished among New England manufacturing villages by the possession of a series of public buildings, the work of the famous architect, H. H. Richardson, and the gift to the town of the Ames family. Oliver Ames, the first of that name in the shovel manufacture, learned the industry of his father, who began it in West Bridgewater as early as 1776. The son set up in business for himself at North Easton in 1803;<sup>1</sup> Ziba Randall's account-book charges Oliver Ames one dollar, "april 17, 1805, for Carting 6 Dousin of Shovels to boston." This was the manufacture which now employs some 500 men and turns out nearly a million and a half of shovels every year.

Oliver Ames, 2d, a son of the first Oliver, has been the special benefactor of the place. His first gift was a beautiful stone church, built at an expense of \$100,000 — a gift supplemented by \$30,000 for the erection of a parsonage, and the perpetual care of the

<sup>1</sup> See the *History of Easton*, by W. L. Chaffin, pp. 593, 594 — a model town history.

two buildings and the adjoining cemetery (the gift of the Ames family). Mr. Ames died in 1877, and his will contained several important public bequests. A sum of \$50,000 was left for a free library — of which one half was to provide a building, one fifth books, and the balance a fund for maintenance. The latter amount was nearly tripled by his widow, and the generosity of his daughter was such that, when the library was opened, the amount that had been spent on the building and books and cataloguing was nearly \$80,000 ; there are now 12,000 volumes on the shelves.

A second bequest by Oliver Ames was a fund of a like amount for the improvement of the highways of the town, on condition that the town should, every year, add \$2,000 to the income. In 1886 his nephew, Governor Oliver Ames, son of Oakes Ames, gave \$2,000 for planting shade trees by the roads, on condition that the town appropriate \$500 for the same purpose: this gift was to be renewed annually until all the roads should be well shaded.

In 1868 Oliver Ames and Sons (now a corporation) built a large three-story schoolhouse (for high and grammar grades) from the foundation, at an expense of \$40,000. A third bequest from Oliver Ames, 2d, a fund of \$50,000, was made for the benefit of the schools of Easton. Provision was wisely made that the town should every year appropriate a sum at least equal to the average amount raised per scholar, in the preceding year, by the towns of the State. In 1896 the Oliver Ames High School building, costing \$70,000, was dedicated. Oakes Ames, the eldest son of the original Oliver, left \$50,000 by will

“for the support of schools in, and for the benefit of the children in, what is now School District No. 7, in North Easton ;” the population of Easton (some 5,000) is mainly in the North village. The income of this fund has been used for various purposes. “Illustrated and scientific lectures are given weekly through the winter months in Memorial Hall, intended more especially for the children, but open to all without admission fee.” Magazines (“St. Nicholas” and others) have been placed in each family in North Easton having children in school ; and members of the Ames family have extended this gift to the rest of the town. This fund has also provided supplementary books and apparatus for the schools, teachers and supplies for the industrial classes (sewing and cooking for the girls, and wood-working and mechanical drawing for the boys), physical training, and a kindergarten.

The Memorial Hall, the most imposing building in North Easton, was erected by the children of Oakes Ames. Built on high ground, upon a natural ledge, it contains two small halls on the first floor, a large hall on the second floor, and a Masonic hall above. It is one of the most striking works of Richardson’s genius, which is also seen in the library, the handsome railway station (a gift to the road by F. L. Ames, son of Oliver Ames, 2d), and the picturesque lodge at the entrance of the F. L. Ames grounds. The shovel business is now in the hands of the third and fourth generations — all the Ameses, who superintend it, first learning the trade in the stone shops.

St. Johnsbury, Vt., is a manufacturing village properly named in connection with North Easton.



**E. and T. Fairbanks and Company** here manufacture over 60,000 scales annually, employing more than 1,000 men,—the largest factory of the kind in existence. The labor employed is mostly of a high grade, the men being of American birth, largely from the surrounding towns. Thrift and taste mark the whole place; the workmen are home-owners, and many have been in the employ of the firm from twenty to forty years. A kindly feeling between the two parties has always prevailed. “The senior (Governor) Fairbanks used to say to the men, ‘You should always come to me as to a father.’” He taught economy and industry in theory and in practice. “His sons worked in the shop, and thoroughly learned the trade.”

Formerly the employees sustained a lyceum with the aid of the firm, liberal prizes being offered for the best essays read. Horace Fairbanks founded a free library and reading-room and an art gallery. The Athenæum building contains also a large lecture hall. There are now 12,000 volumes in the library. Dr. B. G. Northrop wrote, some fifteen years ago, “Having visited nearly every town of Massachusetts and Connecticut, and traveled widely in this country, I have nowhere found in a village of this size an art gallery so costly and so well supplied with paintings and statuary, a reading-room so inviting, and a library so choice and excellent as this.” Thaddeus Fairbanks, another founder of the scale factory, built and endowed the St. Johnsbury Academy, at an expense of \$200,000. A Young Men’s Christian Association building was the gift of Henry Fairbanks, and the Museum of Natural History was presented to the town by Franklin Fairbanks, then the head of the company.

The widely known industrial community of Pullman, Ill., is probably the most remarkable attempt yet made to establish a model town for workmen. It was begun in May, 1880, by the Pullman's Palace Car Company, which had then a capital of some sixteen million dollars, with two million dollars more in debenture bonds,<sup>1</sup> and could manufacture in 1885 eight million dollars' worth of freight and passenger cars. Mr. George M. Pullman, desiring to give the large number of workmen the benefits of good air, drainage and water, and freedom from the temptations of a great city, secured 4,000 acres of land on the Illinois Central road, ten miles south of Chicago, in the town of Hyde Park; the city has since annexed the whole town, but Pullman has still the advantages of a suburb. It covers 300 acres, and lies on the west shore of Lake Calumet, which drains into Lake Michigan, three miles distant; there are no marshes near, and the land about the town is well ditched. The company first expended nearly a million dollars on a thoroughly scientific scheme of drainage. One system of pipes and sewers takes the rainfall directly into Lake Calumet, securing a good cellar for every house. A second system conducts house sewage into a large reservoir with a capacity of 300,000 gallons, under the water-tower; the sewage is immediately pumped to a large model farm, "now a source of profit;" no offensive odor can be perceived at the tower or the farm. The water-tower which pumps its supply from Lake Michigan stands in the centre of Pullman.

<sup>1</sup> The capital in 1894 was \$36,000,000, with \$25,000,000 surplus. The value of the real estate in Pullman had also increased greatly. See the Report of the Chicago Strike Commission of 1894.

The company then proceeded to build the town, which in 1884 had 1,520 brick tenements in houses and flats, with a frontage of five miles of solidly paved streets. The town was laid out by skilled architects, civil engineers and landscape gardeners, and it presents a preëminently neat and attractive appearance. The houses, mostly in blocks, and ranging from those rented in flats for the unskilled laborers, to the few which stand apart, were built in a great variety of styles, the sky-line being much diversified. The streets (eight miles in 1894) are wide, well shaded and well kept, and are sprinkled daily. The company erected a large market-house, the only place where meats and vegetables are sold; a fine arcade, containing offices, shops, a bank, a library and a theatre, — all shopping being under cover in these two buildings; and a handsome hotel, which keeps the only bar allowed in the place; naturally, saloons abound in Kensington and other quarters near, but it is a great gain for temperance to have only one open bar in Pullman.

The company does not sell land or houses, and is thus the one landlord. It stated in 1894 that the net revenue from the place was never six per cent. on the entire cost (which is said to have been eight million dollars);  $4\frac{1}{2}$  per cent. was realized in some years. It keeps in order the lawns before the houses, collects garbage, and provides for usual repairs: it deducts rent from wages as these are paid. Rents range from \$4 a month, for the cheapest flat of two rooms, to \$100 for the largest separate house in the place; the usual rent is from \$14 to \$25. Each house has water, gas and numerous closets. Most of the houses are

two stories in height, containing five rooms, besides cellar and pantry; a large number have seven rooms and a bathroom. The rentals "are a little higher for the same number of rooms than in Chicago; but in Chicago the tenement would be in a narrow street or alley, while in Pullman it is on a broad avenue, where no garbage is allowed to collect, where all houses have a back-street entrance, where the sewage arrives at a farm in three hours' time from its being deposited, and where beauty, order and cleanliness prevail and fresh air abounds." When these advantages are considered, "the rent rates are in reality much lower."<sup>1</sup>

Pullman had 8,513 inhabitants on September 30, 1884, and 14,000 in 1894, half of whom were born in the United States: in 1884 some 3,000 workmen were employed in the car works, and another thousand in related industries in the brick yards, the ice business and the carpenter shop; in 1893 the whole number was 6,324; the great company laundry employs women. Wages, which reached a total of more than seven million dollars in 1893, have been "somewhat higher than those paid for like work in other

<sup>1</sup> See the *Sixteenth Annual Report of the Bureau of Statistics of Labor of Massachusetts*, dated in August, 1885. Part I. of this Report, devoted to Pullman, was based upon a three days' study of the place, in September, 1884, by thirteen representatives of labor bureaus of as many States, with the present U. S. Commissioner of Labor at their head. The report was signed by the thirteen gentlemen, and published in the reports of their States for 1885. It is the most judicial statement yet made concerning Pullman, and I have quoted from it freely as to conditions in 1884. In *Harper's Magazine* for February, 1885, Professor R. T. Ely published the results of his private investigation. The article, which is illustrated, is somewhat less laudatory of the company. Professor Ely speaks of rents as averaging about three fifths of those in Chicago.

places," say the labor commissioners: "the same as elsewhere," says Professor Ely. There are no taxes to be paid by the tenant. His children attend school in a fine building: the school authorities of Hyde Park have charge of the school system. The public library is open to those paying a fee of three dollars a year — an objectionable feature, as it has greatly limited the usefulness of the institution: only 270 persons used it in 1893. There are several religious organizations in the place, but only one church, built by the company, which charges a rent that has, a large part of the time, been found too high for the societies that would like to occupy it: the company's policy here seems to be a mistaken one, and it has been charged with indifference in regard to the religious life of its employees. Two churches have been erected just over the track, on leased land. "There is but little crime or drunkenness," one officer appointed by Hyde Park composing the whole police force in 1884, and making but fifteen arrests in two years. The fire department is sustained by the company. "There is no pauperism in Pullman." "The company pays for the services of a physician and for medicines in cases of accident, and it has provided a gymnasium, an amphitheatre for games and baseball grounds." The beautiful theatre, seating 800 persons, is rented once a fortnight or oftener to companies from Chicago and elsewhere, approved by the Pullman company. The death rate in Pullman for the first three years was less than one third the average for American cities, and has continued to be very low. The moral influence of the exceptional surroundings has been very good. Mr. Pullman appreciated profoundly "the commercial value of beauty," as Professor Ely says.

Despite the many advantages which Pullman offers to workmen and their families, and the fact that all went well until 1893, the great strike of 1894 showed that the body of employees then at work were not on the whole on friendly terms with the company. That this was due in large measure to the policy which allowed no employee to buy land or house in the place (though he could do so not far away, with financial encouragement from the company and from a savings-bank from which deposits can be at once withdrawn)<sup>1</sup> seems to be generally admitted.<sup>2</sup> It was supposed in the earlier days of the place to be a temporary policy only, but the company defended its plan in 1894 as the best, and it has not modified the scheme since. Charges of favoritism and nepotism in the administration have been made; but the absence of an independent newspaper in the place has been a more obvious defect.<sup>3</sup> A recent judicial decision has this year denied the legal right of the Pullman company to build and maintain such an industrial community under the terms of its charter, and its future policy is therefore a subject of much interest. Whatever this may be, the disinterested observer cannot fail to join with the labor commissioners of 1884, in their praise

<sup>1</sup> On July 1, 1893, there was on deposit in this bank \$582,380, to the credit of 2,425 employees.

<sup>2</sup> Rents at Pullman take up a large percentage of the workman's wages, from 20 to 33 per cent., it has been stated, and were not reduced when wages were lowered. Of 2,246 Pullman workers living on the borders of the town, about 1,000 were said to own their homes in 1894.

<sup>3</sup> The policy of the company toward trade-unions was one of non-interference previous to the strike; since then it has insisted that its employees shall not belong to the American Railway Union, which the men joined extensively in 1893-94.

for the large-mindedness with which this model workman's town was projected, and the thoroughness with which every physical detail has been worked out: the company might learn much from experience concerning the moral details.<sup>1</sup>

One of the most interesting of industries to the general observer is paper-making. In its higher grades — the manufacture of fine writing-paper and bank-note paper — it becomes an almost aristocratic industry through the extreme neatness and refinement with which most of the business can be carried on: a large part of the factory can be kept almost spotlessly clean, and the necessary littering by waste material is hardly worse than that of a private office. Certainly the manufacture as conducted by the Cranes, at Dalton, Mass., has an attractive aspect, and its surroundings are such as to justify enthusiasm in a lover of the picturesque. It is another instance of an industry carried on through three successive generations by the same family, who have wisely and happily continued to live where their fortune is made. Dalton is one of the most beautiful of many beautiful towns in Berkshire County, elevated about 1,300 feet above the sea level: its population of some 3,000 persons (in 1890) lives mainly scattered on one long street.

A ride of five miles from Pittsfield, in a trolley car, through a picturesque country, environed with hills, brings one to the first of the four Crane mills, by the roadside: this is devoted to the manufacture of paper for United States government bonds and bank-notes. The trolley car soon leaves the highway and descends

<sup>1</sup> "No paternalism has ever been in the plan," said Vice-President Wickes, in 1894.

to the bank of the clear, rushing stream (a branch of the Housatonic) which furnishes the water-power for most of the industries of Dalton. It was this stream which captivated the eye and the judgment of the young paper-maker, Zenas Crane, in 1799, when he was seeking a site for a mill of his own, leaving his brother in eastern Massachusetts, with whom he had been connected. This "pioneer of paper-making in western Massachusetts" (now a great industry in the Connecticut Valley, as well as among the Berkshire hills) found here abundance of water-power, easy of control, and very pure. From the country and from Albany, thirty miles distant, he could procure the linen rags (the only raw material then used for pulp: it is still rags only that are used to-day, as the company make no cheap papers): and the same population would supply a market for his product. First the private "post-riders" and then traveling tin peddlers collected rags for this mill from women who had the good of their country and the interests of their own families at heart (the patriotic advertisement so called upon them to save rags and encourage American manufactories). The "Pioneer" mill, with a single vat, turned out a hundred pounds of paper each day: it was a hand manufacture for thirty years. Seven employees worked for modest wages (as they would now appear to be) under Mr. Crane's superintendence. The simplicity and democratic nature of labor relations in those days were great. The paper manufacture at Dalton has developed greatly: admirable machinery has taken the place of much of the hand labor, so that the 160 men, women and children now employed turn out an immense product, compared



with those earlier days: wages have risen as well as profits, but the kindly spirit of the older days has continued, and the prosperity of the Crane family has been finely reflected in the common life of the town.

The second mill, on the line from Pittsfield, manufactures fine note paper: it is a plain brick structure with the Housatonic at its back, and in front a rural scene of park-like style, unspoiled by fences. First one sees, near by, a few cottages, houses belonging to the Cranes which they have erected for their employees (these are rented, but not sold). A neat little wooden building at the first corner is the former library for the works, now superseded by the town library. In one direction are a few more houses of the workers. In others lie the various homes of the Cranes of the second and third generations. Directly opposite is the noble brown-stone mansion of the present Mr. Zenas Crane, with its beautiful grounds, its conservatory, its tennis court surrounded by a vine-covered trellis, and its pretty pond—all in the near neighborhood of the mill. A large number of the employees live on the other side of the stream, in homes of their own. As we ascend the watercourse, the valley widens to contain two considerable ponds surrounded by wide expanses of turf. Two larger mills, the new Pioneer (a model of factory construction) and that where Old Berkshire paper is made, are situated in this valley. To the left and the right, on two converging streets that run from Craneville to the centre of the town are the homes of other members of the Crane family, including the present lieutenant-governor of Massachusetts, Mr. W. Murray Crane, the best known member of the several corporations which, under

various names, but with an identity of interest, manufacture paper in the several mills.

Where the main street attains its highest level, we see on the south side a handsome stone structure which cost \$75,000, the gift of the Crane family to their native town. It is a happy combination of opera house, town hall and library. The large audience hall upstairs is suited to the size of the town, and is admirably appointed: below it is a plainer hall for ordinary town meetings: on the same level with this hall is the town lockup, while on the ground floor is the selectmen's room and the library and reading-room. Near by is a fine stone church, a memorial raised to the former Cranes by the present bearers of the name. Dalton impresses the visitor as a singularly finished town, in which the generosity of its leading family has not had the effect of pauperizing the municipality. On the contrary, an excellent high school building, roads in the best condition, and a very general air of comfort and carefulness about the houses and grounds show that this generosity is appreciated, and that the effort is to make the village thoroughly attractive. At the other end are the mills of another corporation: the lack of any notable generosity toward the operatives or the town on its part may be responsible for the little that one would like to see amended in this quarter of the place. So far as the influence of the Crane family has extended, it has had the happiest effect upon the life of Dalton, and has made it a model industrial community.

The great paper mills of S. D. Warren and Company, at Cumberland Mills, Maine, a few miles out from Portland, manufacture from fifty to sixty tons of

paper a day, when running at full speed, and employ about 1,000 persons. When the business began the firm had to erect houses for its force, as there was not a sufficient number near by. The low rents originally fixed were raised as the place grew in population, in order to make real wages uniform to all the employees, whether tenants of the company or not; and rents now stand at five per cent. of the actual value of the house (the land is not taken into account, as it was bought cheaply long ago), — taxes, insurance and water rates being added. Taxes are included as “a measure of security to the company, because it makes tenants more careful in voting for measures which might influence the tax rates.” Dr. Gould, from whom I quote these words, ranks the later houses built by the company “among the most tasteful, attractive and conveniently arranged dwellings to be found anywhere.” While the company receives a good interest on its original investment (the building expenses have been about \$125,000), the rent charged for a \$1,500 house, \$9 a month, is 25 per cent. less than would be charged by other landlords. The company owns a hundred houses of various styles. Most of the employees (some 400 families) live in houses of their own; a large part of these formerly occupied company houses; the company does not sell its dwellings, the principal reason given being that it may some time need the land for other purposes. It is easy for a family to save enough to make it safe to invest in a home, as every member of it old enough to work can find employment, and the company gives the preference to young persons who help their parents. “A man earning twelve dollars a week (as more than one

third of the men do) may, by strict economy, come into possession of his own home at Cumberland Mills."

The free library and reading-room maintained by the company for the benefit of the employees is on the floor above the offices — an attractive room containing over 4,000 volumes and the leading magazines of the day and scientific and technical journals. A literary society of the women workers meets regularly in this library. The company laid out some \$5,000 on the library originally, and pays the annual expenses, some \$300.<sup>1</sup> It owns a large hall in the town, which cost about \$10,000, and it lets this, for the moderate rentals of \$400 a year, for lodge and society gatherings. For several years the company also practiced a plan of profit sharing, which lapsed for the sufficient reason that profits to warrant an appreciable dividend to the force were not made.

Two large lumber firms, one in New Brunswick and the other in Wisconsin, while they do not maintain institutions especially for the benefit of their employees, yet greatly resemble such families as the Fairbankses and the Amesese in making gifts to the town, the population of which consists mainly of their employees, past or present.

The Knapp, Stout & Co. Company employs over 1,000 men in the manufacture of lumber, laths and shingles at Menomonie, Wis., some sixty miles east of St. Paul, on the Red Cedar River. Its operations are extensive, at various points along the Mississippi, giving employment to 3,000 men in all: the company is now fifty-four years old and has had no strikes in its history. The vice-president of the company, Mr. Andrew Tainter, built in 1890 a fine stone building costing \$120,000, in memory of his daughter, Mabel. It contains a large auditorium, amuse-

<sup>1</sup> There is also a public library in the town.

ment and class rooms, G. A. R. and club rooms, and a free library of several thousand volumes (the city has also a public library) — all supported by the donor. The trustees of the Mabel Tainter Library, Literary and Educational Society hold the building for general educational purposes, and especially for the Unitarian Church, for its religious, charitable and social work. Mr. J. H. Stout, a son of the president of the company, has built and equipped a manual training school, at an expense of \$100,000, now controlled by the school board. Mr. Stout also supports two kindergartens, the main one in the basement of the high school. He is said to have originated the system of traveling libraries in Wisconsin. A deceased member of the company gave to the city a fine central park, and this year the company has given twelve acres of woodland along the river for another park.

Marysville, N. B., two and a half miles from Fredericton, on the Nashwaak River, is a kind of Canadian Pullman. Mr. Alexander Gibson is the owner of some 170,000 acres of timber land, and Marysville has been built up by him around the three lumber-mills and the cotton-mill here erected. Over 700 men are employed in the manufacture of lumber, laths and shingles, and some 500 persons in the cotton-mill. The two large stores, the hotel, the boarding-houses, the fifty brick tenements and the large number of wooden dwellings are the property of Mr. Gibson. He has erected a Methodist church, costing \$50,000, all the expenses of which he meets, and fine school buildings. The public hall for entertainments and general meetings is over one of the stores, but a new hall and a public library are soon to be built. No liquors are allowed to be sold, and the population is said to be better housed than that of any other Canadian factory town.

Rhode Island, says Colonel T. W. Higginson, "is the only State in the Union where chief justices write poetry and manufacturers treatises on the freedom of

the will." The manufacturer intended in this epigram was Rowland G. Hazard, born in Peace Dale (1,200 inhabitants in 1889), a village of South Kingstown (in which Narragansett Pier is another settlement), in 1801. The year before, his father, Rowland Hazard, established on the Saugatucket the woolen business, still carried on by the family in the fourth generation, under the style of the Peace Dale Manufacturing Company. R. G. Hazard was an able man of business as well as a metaphysician highly respected by John Stuart Mill, whose doctrines he criticised.<sup>1</sup> To him and to his son Rowland (the son has regularly taken the grandfather's name in the family succession) are due most of the philanthropic features which have given Peace Dale a wide repute. Omitting the profit-sharing experience of the company, which I have given in detail elsewhere,<sup>2</sup> I will mention the other welfare-institutions for the 450 employees.

The Peace Dale company has built a number of single houses for its men which were sold on easy terms. The Hazard Memorial Hall brings Peace Dale into line with the five New England manufacturing towns already described in this chapter — instances of the long continuance of a business in one family, of which our future history will doubtless have many illustrations. The hall was dedicated in 1891 to the memory of R. G. Hazard, who died three years before: centrally situated and a very pleasing specimen of village architecture, it contains a music hall upstairs,

<sup>1</sup> See *The Works of R. G. Hazard*, in four volumes, edited by his granddaughter Caroline Hazard, now president of Wellesley College.

<sup>2</sup> The second Rowland Hazard established profit sharing in the mills in 1878: see *Profit Sharing*, pp. 296-300.

seating 600 persons. Here the Narragansett Choral Society of Peace Dale (75 members) gives three or four concerts each year and holds a festival in the spring, when it renders such works as "Elijah," "Stabat Mater," "The Creation," or Sullivan's "Golden Legend." It has the reputation of being the best drilled chorus but one in the State. Its director comes from Providence for the weekly rehearsals, from the beginning of October to the end of May. The library below, open every day, has an excellent collection of 6,800 books, with some 1,200 card-holders; in 1896, 12,038 volumes were taken out by 7,603 readers. There was a library in the place as far back as 1855: it was made free and public in 1875, and it receives \$100 yearly under the State law, for the purchase of books, in addition to its other income. It supplies seventeen villages and neighborhoods in the large territory of South Kingstown. The hall has a room which is the headquarters of the town "circles" of King's Daughters, where a sewing-school is kept up, and a "miniature hospital" — a collection of appliances for the sick-room, which are loaned free.

The modest Town Hall to the south was the gift of R. G. Hazard, in 1877. Rowland Hazard designed and built the "model village church," seating some 500 persons, with its Margaret Chapel, a memorial to his wife. The company once had a system of public gardens which it abandoned. The fine grounds of Oakwoods and The Acorns, the family residences, are near the factory and open to all: Peace Dale offers another happy instance of the employer's family living in close touch with the industry.

The Merrimac Manufacturing Company, Lowell, Mass., has built 206 plain but convenient tenements, containing from four to ten rooms each. The value of the land and buildings is estimated at \$664,500. The average net profit has been about 2.3 per cent., not deducting repairs: the taxes, amounting to some \$11,000, are paid by the corporation. In the more recent houses rents are from 15 to 20 per cent. lower than for similar accommodations near by: the wage-earner spends 20 per cent. of his income on rent. The company owns and rents boarding-houses, fixing the rates, which are very moderate. "The girls pay \$1.75 per week, and the company supplements this by thirty cents in each case where the operative boards at one of its houses. In this way the corporation pays out \$3,000 a year in bounties. . . . The results have been profitable" on account of the contentment of the working force.<sup>1</sup>

At Lawrence, Mass., various textile corporations let their boarding-houses at nominal rentals so that lower rates of board can be afforded. Tenants of the companies are not pressed for rent when work is slack. One company remits rent entirely when the mill is not running. Provision was formerly made for libraries and lecture courses; but the D. A. White fund for these purposes and the fine library erected by the White trustees, have rendered such provision unnecessary, as is also the case with respect to relief and housing. The salary of the City Missionary is largely paid by the corporations, and some support free beds in the hospital.

The Howland Mills Corporation, of New Bedford, Mass., has built fifty houses, unusually pleasing in style and convenient in arrangement, for its employees, at a total cost of \$104,000. The rent averages about 15 per cent. on wages, and 3 per cent. on the investment. A men's boarding-house for twenty-four persons, is conducted by a person chosen by the company, which charges him no rent.

<sup>1</sup> Gould, *Report*, p. 335.



Whatever one may say in praise of other American manufacturing villages where the conditions of the workman's life, in the mills and in the home, are unusually good, it is difficult to resist the conviction that the nearest approach to the ideal has been made at South Manchester, Conn., by the Cheney Brothers. Various causes have concurred to give these noted silk works this preëminence. The Cheney family have resided in Manchester for more than a hundred years. The story of the triumphs of the American silk industry is largely the tale of their inventions and successes. Among the several hundred manufacturers of silk in this country, they are the largest, employing 2,500 hands in their great and admirable buildings. They were the owners of a large tract of land (over 1,000 acres), and could locate the mills in scenery of much natural and acquired beauty. As the virtual makers of the village of South Manchester, opposite the park, they could keep a generous and wise oversight of its growth. While in no sense engaged in business for philanthropy, they have always been mindful of their responsibilities as employers of great numbers of men. They have given the workman mills in which all the conditions of health and safety are observed; and a home and community life distinguished by comfort, order, beauty and intelligence are placed within reach of all. "An ideal manufacturing village" and "a terrestrial paradise" are terms which Hon. S. J. Barrows of Massachusetts applied to the place, in the "Atlantic" some twenty years ago, in an article on "The Silk Industry in America."

Manchester is reached by the New England Railroad, which runs through the northerly part of the

town, or by trolley car from Hartford, eight miles west. Various manufactures are located in the town, which had a population in 1890 of 8,222 persons, but the leading industry is the silk-mills. The town enjoys all the conveniences of civilization, in the shape of good water and sewage systems, the electric light and the electric and steam railways, and a fine school system. Other parts are attractive and well kept, but South Manchester is the largest and most important quarter. One may step into the steam car, operated by the Cheney company, that runs from Manchester to South Manchester, and he will then make his entrance by rail into the very centre of the silk works. Alighting at the little station, the visitor finds himself in a park-like neighborhood. He has just passed on his left the long front of the new mills for weaving and spinning, and he sees in front, in the near distance, the outlines of the older mills and the office building. Across the street is the Cheney Hall, but no hotel or large boarding-house is visible. A few cottages of simple style, but surrounded with vines and flowers, are dotted here and there along the main and side streets, and others of later date and more ambitious construction appear in the distance. Walking a few rods east or south, one sees, looking through the trees and over the wide lawns, the homes of the various branches of the Cheney family: there are fourteen families of the name residing here.

The usual accessories of manufacturing are absent, — the dirt, the smoke, the roar heard at a long distance. No textile industry is noiseless, of course; not even its most refined department, the making of silks, can be carried on in quiet, within the walls. But

these mills are as if set in large private grounds, and every external shows the greatest pains taken to do away with the repulsive features of the ordinary factory. Tending a great variety of more or less complicated machinery, or performing the processes where hand labor is required, a large force of 2,500 persons of both sexes may be seen, healthy, cheerful and contented looking to a degree. Bicycles stand in long array in the vestibules, some of them probably taking the place of those vehicles for the employees, living at a distance, which used to astonish visitors from abroad, quite unaccustomed to see operatives "riding home from work in their own carriages."

The company exercises no constraint upon its employees as to their residence, and many of the 800 houses of the employees stand outside of the grounds, in the thrifty quarter on the east. The company encourages the ownership of homes, but prohibits liquor selling and the keeping of nuisances. The houses are for the most part single cottages with gardens. There is a great variety of styles, showing individual tastes: the only exception being the older and smaller houses before noted. Garden plots are provided for every house, and all the homes show an external harmony with the beautiful surroundings. No shiftless tenants are in evidence.

The Cheney Brothers built in 1860 the simple structure of brick which contains the fine and large Cheney Hall, and smaller rooms below for lodge meetings. In the main hall lectures and reputable entertainments of all kinds are given, no charge being made for the use of it, and it is much used. Formerly unsectarian services and a Sunday-school were main-

tained on Sunday afternoon : there is now a considerable number of churches in Manchester and South Manchester, which are well attended.

The schools of South Manchester are unsurpassed in the State, and this fact is due mainly to the enlightened generosity of the Cheney Brothers. This ninth school district contained, in 1894, 1,003 scholars. They attend lessons in a large schoolhouse of wood, containing thirty-five rooms. The interior is finished in wood, the ceilings as well as the side walls. Each room is intended for twenty-five scholars, or fewer, with single desks, and each has light on two sides. It is also provided with a collection of books for reading and reference, — in the whole building there are 3,500 volumes : the number of text-books is small. The school is connected with the State Normal School at New Britain, five teachers out of every six coming from there. These student teachers are supervised by the permanent teachers, and the results show a high level of instruction. There is a kindergarten department for children over three years of age, conducted according to the most approved methods : the little ones are introduced to natural science and good literature, in a pleasing succession. They learn to read and write before leaving this department, and then go on to the upper grades, which include high school branches. Manual training is a feature, with a workshop and instruction in woodwork and mechanical drawing. Another feature is the gymnasium on the upper floor ; gymnastics are a part of the regular daily programme. Each girl over eleven has a hundred lessons in cooking ; the course includes instruction in buying material. In the high school there were six teachers and one hundred pupils in 1895.

From the kindergarten to the students preparing for college, the instruction in natural science is continuous. The emphasis laid upon literature and manual training is in accordance with the best educational thought of the day. The work of the schools is continued and supplemented for the community by the free public library, — like the schoolhouse, a gift of the Cheney Brothers ; it is open every afternoon from three o'clock to six, Sundays included.

In that excellent little book, "Old-World Questions and New-World Answers," published in 1884, Mr. Daniel Pidgeon, F. G. S., ranked the Willimantic (Conn.) Thread Company as the "one establishment which, more than any other in America, encourages hope for the future of labor." He went on to describe various uncommon features which distinguished from other mills these factories where some millions of miles of cotton thread are manufactured each year, — the coöperative store, the flowers in the great spinning-room of the new mill No. 4, the dining-room with its low-price dinners and its light refreshment for the younger help at nine o'clock in the morning, the various schools, and the kindly intercourse of operatives and managers. Colonel W. E. Barrows, the originator of these features, did not succeed in permanently converting to his enlightened views the majority of the directors of the company : difficulties ensued and he resigned his position. The visitor finds that the æsthetic features of the mill (in so far as they were not wrought into its construction) have disappeared almost entirely. The "pockets" between the piers of the great spinning-room (a room nearly a thousand feet long and two hundred feet wide) are no

longer "filled with soil, forming great flower-beds planted with climbers . . . together with geraniums, petunias and flowering shrubs:" only a few large tropical plants lead a precarious life at one end of the building. The dining-room is appropriated to other uses. The coöperative store in the two lower stories of Dunham Hall (the library building) has been given up, and the space taken by the counting-room and purchasing department of the company.

But though a more strictly commercial policy has superseded, wisely or unwisely, the original and attractive work of Colonel Barrows (which probably had some defects of its own), the Willimantic Thread Mills still deserve to be ranked high among the manufacturing establishments of the country for the advantages enjoyed by the employees. These number about 1,500 and the pay-roll amounts to some \$40,000 a week: the great majority of the hands are Irish, women predominating. The "new mill," built by Colonel Barrows, is an immense one-story structure on the south side of the Willimantic River, which furnishes the water-power: this is supplemented by an electric-power plant. The motive power is in the basement, and the main floor, with its fifty thousand spindles, is firm to the foot of the operative. The older mills of granite, six stories high, are on the other side of the river in large grassy yards. The older tenements of the company, on the main street near the older mills, with two rows of equal length back from, and parallel with this one, are neat and well kept, though no attempt at gardening or ornament is visible.

Off from South Main Street (on the same side of

the river with the new mill), one in search of the new tenements built by Colonel Barrows is attracted by a new settlement which suggests to his eye a much improved tenement quarter with a large measure of individual variation in styles. Attractive as compared with the larger part of the older town (and Willimantic is an attractive place), this quarter, which one soon learns is entirely private property, yields in interest and good looks to the Oakgrove quarter beyond it. Here are some forty cottages, built after four types, agreeably intermingled, which present a most pleasing *ensemble*. One type is located on a lot of 10,500 square feet: the house, sitting well back from the street, has half the frontage of the lot, and occupies little more than a tenth of its area. A lawn, with walks, a garden and a clothes-yard are thus sufficiently provided for. The two-story frame building contains six rooms and rents for \$1.93 a week, a sum which Dr. E. R. L. Gould thinks is "probably a little over one third of what would be charged for fairly similar accommodation in the neighborhood. Smaller houses rent for from \$1.62 to \$1.75 per week."<sup>1</sup>

The company gets a three per cent. gross interest on its investment in these new houses, the property being estimated at \$60,000; the rent is deducted from wages. A sign of the liberal disposition of the company is the fact, noted by Dr. Gould, that "rents were lowered in July, 1885, in consequence of a reduction of wages. The old rate of wages was subse-

<sup>1</sup> See, for full particulars of construction and plans and views of these taking cottages, Dr. Gould's report on *The Housing of the Working People*, pp. 327, 328.

quently restored, but the rents were not advanced." These cottages form the most attractive group of workmen's houses which it has been the good fortune of the writer to see; there are others, as at Waltham, Mass., of a higher grade, but there is nowhere a more pleasing environment. The general park-like arrangement of the quarter, the vine-clad porches, the flower and vegetable gardens, the oak grove on one side and the handsome public school on the other, give this group of workmen's houses a lasting place in the memory of the visitor, as a proof of what generosity and good taste on the part of the employer can do to make the homes of working people healthful and beautiful. The rental of such a picturesque and convenient home requires but the moderate proportion of 10 to 12½ per cent. of the workman's wages.

There are no benefit associations among the Thread Company's employees, but Willimantic is well supplied with ordinary savings-banks, and a branch of the Connecticut Coöperative Savings Society pays five per cent. on deposits.

Dunham Hall, the tasteful library building, contains in its upper story an excellent library and a reading-room stocked with papers and magazines: the hours are from 12 M. to 9 P. M. The company pays ten dollars a week in salaries on account of the hall, and defrays the cost of heating and lighting and of new books: there are now several thousand volumes. I quote elsewhere in this book Dr. Gould's statement, derived from the present management, concerning two or three "paternal" features of the former management which have been dropped: they were not in themselves important matters. The Williman-



tic Linen Thread Company is to-day a company for the enlightened employer to take example from.

The Warner Brothers have in Bridgeport, Conn., a large manufactory of corsets, employing about a thousand women. On the opposite corner from their factory (Lafayette and Atlantic streets), the firm has erected a club-house of the first rank for beauty and convenience. It was opened November 10, 1887, by Mrs. Grover Cleveland. The Seaside Institute, as it is called (it is two or three blocks from the fine Seaside Park, which Mr. Joel Benton calls "a pleasure-ground unequaled by anything on the sea-line from New York to Newport"),<sup>1</sup> is open all day and through the evening: it is a brick and stone building, presenting a striking architectural effect. The basement is a step or two below the level of the street: there are two high-studded stories above, and a half-story under the main roof: the circular tower on the corner rises to a full third story. The Institute was built without regard to expense, in the most thorough manner. The first stimulus to the erection of it came from the Warner Brothers' perception of the need of a good, warm lunch for their employees. This need, which is one felt by every factory operative, was especially perceptible in the case of the women workers, who constitute the great majority of the force here. In the basement of the Institute, therefore, the Warner Brothers located a lunch-room and refectory fitted up with every convenience. Here at the usual hours, the employees can procure at cost tea, coffee or chocolate, sandwiches, cake, pie and other eatables, so that they

<sup>1</sup> See Mr. Benton's interesting article in the *American Magazine* for March, 1888.

are under no necessity of bringing a lunch-basket in the morning. The restaurant is now open to the general public.

The entrance hall, reached by a few steps from the street, has the dignity and finish of a large private mansion. A memorial window fronting the visitor commemorates the mother of the founders of the Institute — a most appropriate dedication. (Elsewhere is found a portrait of the deceased wife of Dr. I. De Ver Warner, who took a deep interest in this building.) A parlor of liberal dimensions and handsomely furnished opens from the hall on one side. On the same side are music and reception rooms, and toilet-rooms. (The six bathtubs, with hot and cold water, are free to all members of the Institute.) On the right is a very attractive reading-room communicating with the library (containing some 4,000 volumes) in the rear. In connection with her other duties, the librarian conducts classes of the members in English Literature and Shakespeare, and there are classes in music: a number of other studies have been pursued, such as shorthand and typewriting, but the list varies according to the demand. On the second floor we find a concert hall, seating 500 persons: the stage is adapted to theatrical purposes, and the floor to dancing. Lectures and concerts have been more or less regularly given in this hall from the beginning: but the "Firemen's Brigade," an organization of the young women employees, has lately been responsible for most of the entertainment offered. In a city of the size of Bridgeport the employees are not of course dependent upon the Institute for recreation as they might be in a smaller town. In this

direction as in others the Warner Brothers have been at school to experience — a teacher whose lessons they willingly accept. At the opening of the Institute a number of sewing-machines were placed in a room on the second floor for the use of the employees in doing their own mending and sewing. Sewing-machines are now so common that few of the girls brought any private work from their homes or boarding-places to this room: it is now used for factory purposes, in time of pressure; but there are still a few machines in the Institute available for the employees who wish to use them. The building has a pool-room well patronized, and a number of rooms in the third story are occupied as lodging-rooms by the matron and others.

The thoroughness and generosity with which the Seaside Institute has been built and equipped (at a cost of some \$60,000) are evident to the most casual observer. He cannot fail to remark the bright and intelligent looks of the regiment of women here employed (not John Knox's "Monstrous Regiment"). They do not maintain any benefit association (a direction in which women workers need to advance), but the company give half pay (or even whole pay in extreme cases) to sick employees. In all ways the Warner Brothers show a high conception of their responsibilities as employers — a conception of which this "American Palace of Delight" (as Mr. Benton felicitously calls it) is the chief but not the only embodiment.

One who walks up Shipman Street in Newark, N. J., from the trolley line passes some small tenements as bad for their size as any to be found in New

York, and two or three uninviting factories, and then sees on the corner of another square a large four-story building about the nature of which he may be a little uncertain. The many windows are provided with plain white curtains, looped up at the side, but there are no flowers visible in them, such as one might see in a hospital. The woodbine covering a considerable part of the street front would indicate that the building is not a public school. If the stranger is looking for the factory where the Ferris Brothers Company manufacture the so-called "Common-Sense Waist," he will conclude at once that this is the factory he is in search of — the curtains taking for him the place of a sign. He steps in and finds before him an interior marked by neatness and great simplicity: the office is a plain room on the third floor, without elaborate furnishings, bringing the treasurer and the superintendent in easy reach of the great body of the workers on that floor, the one above and the one below.

Nearly 500 women, mostly young and unmarried, and a few men make up the working force: there are mothers and daughters, working side by side, and earning from nine to fourteen dollars a week on piece-work. The visitor who is sensitive to such impressions, is struck by the air of good-will and good-fellowship in a work which interests all, that seems to pervade the establishment. All know the assistant superintendent pleasantly and are known by him: he has a pride in them as the "finest body of women workers to be found in the country." It is a laudable chauvinism which the Waltham Watch Company, the Chicago Telephone Company, the National Cash

Register Company or the Warner Brothers might also feel! There is room, emotionally, if not in strict logic, for numerous bodies of such "finest" women workers. The friendly spirit in the establishment is explained when one learns of the various measures which the firm takes to lighten the labors of its employees and to show its sincere interest in their welfare.

In the basement one finds a large room fitted up with conveniences for taking the lunch which a large proportion of the women bring with them in the morning. (A number buy their noonday meal at the Young Women's Christian Association near by: and a larger number have time to go to their homes and back.) A number of girls form a "mess:" each member takes her weekly turn in caring for the table, and washing the dishes. At a quarter before twelve she leaves her work, to set the table from the locker provided for it, and to get for it the supply of hot tea, with sugar and cream, which the firm provides. After the girls have eaten their lunches,<sup>1</sup> they repair, if they choose, to the large room in the fourth story devoted to recreation. Here are to be found the current magazines and a few books of interest, and a pianoforte. A smooth floor invites to a few lively turns before work begins again. On each floor are two baths of which the workers avail themselves at pleasure, at any time during the day.

As the firm has been steadily prosperous, it has pursued a very liberal policy with respect to former employees who wish to return, wholly or partly, to its service. It stands ready to take them back at any

<sup>1</sup> These were once bought from one source for fifteen cents each, but the present system is more satisfactory.

time, for as many hours a day as they are able to work; in 1898 this liberality was especially helpful to the wives of volunteer soldiers in the Cuban war, who had formerly been in the factory, but had left it upon marriage. The firm displays a kindly interest in sick employees: it has established for them two free beds in a Newark hospital. While there is no regular benefit association among the women, cases of need are frequently provided for by voluntary weekly collections, sometimes to the extent of ten dollars a week for the disabled employee. The Ferris Brothers send a large number of their help on a two weeks' vacation to the seaside cottage which they own at Long Branch, ten going at a time.

These various measures and institutions have for their natural effect the procurement for the firm of a high grade of labor and the solid establishment of goodwill between them and all their employees.

The Edison Electric Illuminating Company, of New York, has, since 1895, paid a dividend at the holiday season, based on earnings. "After deducting from the gross returns of the company the charges for wages, fuel, depreciation, etc., and for interest at five per cent. on loan and share capital," a percentage upon the balance equal to the rate of dividend paid to stockholders is set apart for the Employees' Benefit Fund. This sum was about \$13,000 in 1896 and 1898, representing a six per cent. dividend. One per cent. on yearly wages is paid to men who have done continuously faithful service for one year: 2 per cent. to those of three years' service, 3 per cent. to those of five, and 4 per cent. to those of ten: at the close of 1898 twenty-nine men had been in service over ten years,

and 222 men over five years. In 1898 fourteen men enlisted for the Spanish war, and their pay was continued and their places kept open for them. Nominations for a Labor Council were made for the first time in 1898 by all the employees who had served a full year, and the council was appointed from the number by the company. During the year many of the suggestions made from the various sections and departments for increasing the safety, comfort or convenience of the employees were found practically useful, and were adopted. Other subjects of administration and labor relations were profitably discussed.

The Chicago Telephone Company employs some 500 young women, of whom 300 are in its main "exchange" on Washington Street. The company meets the needs of its machinery and equipment and of its workers at the same time by supplying artificially an even temperature and pure air throughout the year, the air being warmed in winter and cooled in summer. It goes beyond this, however, in providing for its "living machinery," in the shape of the intelligent and alert young women whom the business demands, a variety of conveniences on the floor below the exchange. Here are a parlor and reading-room, a large lunch-room, toilet arrangements, and a matron who keeps a careful oversight of their physical condition. A relief system provides against undue strain. The result of these measures and the general good treatment is that places are eagerly sought for and long retained, marriage having a much less disturbing effect on the business than is usually the case where women are employed.

The several hundred young women in the employ

of the New York Telephone Company at the Cortlandt Street Exchange are furnished wire lockers for their hats and wraps, the keys being in charge of the matron. They take their lunch in a large, well-furnished dining-room. Hot tea, coffee or chocolate, and milk are provided free of expense. Twice a day the employees leave their seats for twenty minutes' rest from their exacting work. A reading-room is well stocked with papers and magazines. There is a retiring-room for the operators who may feel indisposed. If a girl falls ill, she is taken to this room, and a physician is summoned. When she is well enough to be moved, "she is sent home in charge of another girl in a closed carriage." Night employees work from 7 P. M. to 7 A. M., with three hours' rest. The young women "are allowed time to shop occasionally when they ask permission, and no deduction is made from their wages." One week's vacation on full pay is given yearly.

In May of 1893 Mr. Stuyvesant Fish, president of the Illinois Central Railroad Company, issued a circular outlining a plan by which the employees might become shareholders. The strike of 1894 prevented the scheme from going into full operation: but in May of 1896 another circular was issued restating the company's proposal. On the first day of each month the company will quote to an employee a price at which his application for shares will be accepted during the month. He can subscribe for one share, payable by installments of five dollars, or any multiple of this sum: the first payment is to be made at once; on the completion of the payments, the company delivers to him a certificate of the share registered in his



name. He can then begin the purchase of another share. The officer or employee subscribing for shares in this way receives interest on his deposits at four per cent. providing he does not let a year pass without making a payment: if he does, interest will cease, and the sum to his credit will be returned to him on application. If a subscriber wishes to discontinue payments, he can have his money returned to him with accrued interest: he can do this if he leaves the service for any cause, or he can pay up for the share and receive his certificate. An employee can purchase shares for cash if he wishes. An experienced trainman was engaged by the company to explain this plan among the men. On June 30, 1898, more than 700 employees owned stock; the number of shares subscribed for was 2,042, of which 1,569 were fully paid. The deposits on the 473 shares in process of payment were \$28,621.49.

There has been a steady increase in the number of employee shareholders since, but "the increase has not been large, owing to the marked appreciation in the value of the stock." The men fear a fall in price, but if they see reason to get over this feeling "it is believed that they will invest as freely as before." Practically every class of labor is represented in the list of paid-up shares. Many of the employees have used the stock-subscribing privilege as a means of saving at interest, withdrawing their deposits or selling their shares, for purchasing homes, or in case of emergencies. "The whole tendency of the plan," says Vice-President Welling, who has charge of its application, "is in the line of better feeling. . . . In every particular the operation of the plan has been satisfac-

tory, and it is to be hoped that other roads will adopt it with similar success."

The Chicago Great Western Railway Company began in 1893 "to assist those in their employ to buy through partial payments one share at a time of the capital stock." Four years later, 399 officers and employees (none of them members of the board of directors) owned 1,969 shares, and partial payments had been made in 1,624 cases "on account of the further purchase of one share apiece." (The Chicago newspaper which gave this account probably referred to the salaried employees chiefly.) The secretary of the company would "undertake on application to purchase the stock desired at its market value without charge for his services, the purchase price, if desired, to be paid for at the rate of ten dollars per share at the time of application, the balance to be paid in monthly installments of ten dollars until the purchase price is paid, when the stock will be registered in the name of the purchaser and a certificate of ownership delivered." A recent communication from a high official of the company states that the plan "has not been much of a success. Forty or fifty employees made small investments, but apparently soon became tired of saving, and as the stock advanced in price many have sold out." <sup>1</sup>

<sup>1</sup> In support of his statement that "it is certainly an uphill job to induce workingmen to try to save," the official quoted gives this interesting instance, which could be easily paralleled from the ranks of the salaried classes: —

"I once had a man in my employ as station agent at \$40 a month. He supported his family and paid his bills promptly. As he was a bright man I transferred him to a station where he got \$80, and finally took him into my office at \$100, and increased his salary in due course of time to \$150. After his salary had been advanced to \$150 a month, I noticed that a good many parties came in and talked to him privately, and he seemed anxious. I asked him what was the matter, and he said in effect: 'When I got \$40 a month I had no difficulty in paying my expenses; at \$80 it was quite difficult, and at \$150 a month it is impossible. All these men that you see come in to

Six American railroads now have relief departments for the benefit of their employees. Of these roads the Baltimore and Ohio had a relief association established May 1, 1880. It was immediately succeeded, on the repeal of its charter, by the B. & O. Relief Department, a regular department of the company's service: the system is a compulsory one, like that of the Plant Company. "The company gives the needful service of its officers and employees on the lines; furnishes office-room, furniture, and use of facilities, such as mail and telegraph, becomes the custodian of the funds, and guarantees the obligations of the department. It contributes in cash \$31,000 annually to the pension fund and \$2,500 for physical examination of employees." A committee of the president and directors of the company has charge and final control of the three sections — the Relief, Savings and Pensions features. The president appoints the officers. One advisory committee of seven members — the general manager and two men chosen annually from the machinery, transportation and road departments by the members of the Relief Feature — has charge of the lines east of the Ohio River and another of the lines west. A superintendent has immediate charge of the department.

The members of the Relief Feature — substantially all the employees — are divided into the haz-

talk to me are dunning me for payment of bills which I am unable to pay.' He soon left my employment, about 1879. I have not seen him since until last year when I was in Canada, and found him there an old gray-headed man, as station agent, getting probably \$50 or \$60 a month. I asked him how he was getting along, and he said, in the most cheerful manner, 'First rate.'"

ardous and non-hazardous classes, the former being engaged in operating trains or rolling stock. Each class has five divisions according to its pay. Division A contains those men whose wages are \$35 per month or less: its contribution is \$1 a month; division B (pay between \$35 and \$50) contributes \$2; division C (pay between \$50 and \$75) contributes \$3; division D (pay between \$75 and \$100), contributes \$4; and division E (pay over \$100) contributes \$5. The divisions of the non-hazardous class pay 75 cents in the first division, and 75 cents additional in each following division. Disabled members do not contribute while receiving benefits. Contributions are deducted on the pay-rolls. The benefits are the same for the two classes. In division A, in case of disability from accidents "on duty," 50 cents a day are paid up to 26 weeks; if longer aid is needed, 25 cents a day; surgical attendance is given, and \$500 are paid in case of death. For sickness or accident off duty, 50 cents a day are paid after the first week (Sundays and holidays not being counted), not exceeding 52 weeks; \$250 are paid in case of death. The benefits in the other divisions are two, three, four or five times as large, respectively. An employee may procure additional natural-death benefit, up to five times that of the lowest class, by paying 25 cents a month for each \$250. Membership lapses with retirement from the service, except that a retiring member may retain his natural-death benefit. Injury or sickness due to intoxication, sexual immorality, breach of peace or violation of law receives no benefits.

The Savings Feature comprises a savings-bank and a building and loan association, under the usual

regulations. The wife, child, father or mother of a member, or the beneficiary of a deceased member may deposit. The savings-bank lends to the building association at six per cent.; repayment is made by monthly installments not less than \$1.50 per \$100 of the loan, deducted on the pay-roll. The company's original annuity plan not being successful, it instituted in 1884 the Pension Fund now in operation. The appropriation available for the support of this fund is now \$50,000 a year: \$15,000 of this amount is interest on a \$375,000 surplus of the department: the remainder is the company's contribution. The usual pension age is sixty-five. The committee of the president and directors decides who shall receive pensions, which are, apparently, granted to those considered most worthy of aid. The rate is one half the rate of sick benefits, varying from twenty-five cents a day to \$1.25. There were 218 names on the pension roll June 30, 1895, the payments for the year having been \$34,800.05. The Relief Feature, paid between May 1, 1880, and July 31, 1896, for deaths from accidents and sickness, disability and surgical expenses, \$4,392,000. The membership in 1898 was 20,710. The receipts from the members for 1894-95 were \$366,000, and from interest and sundries \$17,000. The expenses were for benefits \$308,000, for general expenses and minor expenses \$53,000. The deposits were \$268,000, and the loans \$176,000. The amount loaned to employees has been used for building 838 houses, buying 782, improving 174, and releasing liens on 365. The dividend in 1894-95 was  $5\frac{1}{2}$  per cent.

The Baltimore and Ohio Railroad has also an interesting and effective system of traveling libraries for the use of all its employees, east and west of the Ohio.

The Pennsylvania Railroad Voluntary Relief Department began operations in 1886. It has a superintendent, and an advisory committee of thirteen members. The general manager of the road is chairman; the board of directors choose six members annually, and the contributing members of the Relief Fund six. The company's general relations to the department are like those of the Baltimore and Ohio. "The operations are divided into periods of three years. If the contributions of members are not sufficient to pay the benefits, the company pays them as they become due, and if at the end of any period of three years a deficiency exists, the company, having paid it as it accrued, charges the amount to itself, thereby giving the amount of the deficiency to the Relief Fund, which starts off afresh." If a surplus should exist at the end of any period, it is set aside to be used eventually for a superannuation fund, or for some other purpose for the sole benefit of members: "from year to year certain safe amounts are permanently transferred to the surplus fund." Membership is voluntary, and terminable at the end of any month; withdrawal from service ends all benefits. Members are divided into five classes according to pay, though a member can enter any higher class he chooses, if he passes the medical examination. He can enter any lower class if he wishes. The first class embraces those men paid less than \$35 a month and paying 75

cents; this amount is increased in ascending order 75 cents for each upper class. The pay limits are \$55, \$75 and \$95. The benefit in the first class is 50 cents a day in case of accident on duty up to 52 weeks — 25 cents a week after that, with surgical attendance free. In case of accident or sickness off duty, it is 40 cents a day, after the first three days, not exceeding 52 weeks. The death benefit is \$250, whatever the cause of the death. The benefits in the higher classes are two, three, four and five times as great as in the first class. Death benefits may be increased by making larger contributions.

The “company relief” of the Pennsylvania Railroad Company, in existence since October, 1897, is “in fact a liberal pension fund arrangement by which the company, entirely at its own cost, contributes to the support of those members of the Relief Fund who have drawn their fifty-two weeks’ sick benefit, and are still sick and needy.” In December, 1896, the company relief was \$3,600 for some 350 persons: the annual bill is about \$40,000. The company pays the operating expenses of the relief department, some \$100,000 a year. The membership, December 31, 1895, was 36,432, and is now over 40,000 — about 60 per cent. of the total number of employees, and 80 per cent. of all those eligible. Between February 1, 1886, and December 31, 1895, there were received from members, in round numbers, \$4,600,000; interest on balances and surplus, \$113,000; contributions of the company, \$1,037,000; total, \$5,750,000. There were disbursed in 1886–1898 for disability from accident, on and off duty, and sickness, \$3,321,808; for deaths from these

two causes, \$2,793,861. The company paid in this time \$1,057,451 for operating expenses, \$309,560 for extraordinary relief, \$74,499 for deficiencies, and \$60,653 in special payments in 1886, making a total of benefits paid by the relief fund and the company of \$7,167,832. There was a balance, December 31, 1898, of \$257,338, and a surplus fund will, before long, constitute the basis of a superannuation fund: the surplus is reported this year as being \$635,970. In 1895 the cases of disability from accident aided were 8,765: of sickness, 23,112: of deaths from accident, 99: of other deaths, 343—a total of 32,319 cases, in which aid was given to the extent of \$591,495.97.

The relief department of the Pennsylvania Lines West of Pittsburg, established in 1889, varies but slightly in its regulations from that of the Eastern lines. The membership, June 30, 1896, was 15,884. The receipts to that date had been \$1,986,000, the disbursements \$1,916,000.

The Philadelphia and Reading and the Burlington systems are modifications of the Pennsylvania. The Reading department was organized in 1888: its advisory committee has fifteen members, with larger powers than elsewhere. The company pays a part of the operating expenses, now five per cent. of the members' contributions. It does not guarantee the payment of benefits. Substantially all the employees are members, and all new men *must* join. The members pay the medical examiner. In case of death, besides the death benefit, there is a payment of \$100 from the surplus fund: November 30, 1895, this fund amounted to \$309,000; the membership was 15,789.

The Burlington Voluntary Relief Department, beginning in 1888, includes the roads affiliated with the Chicago, Burlington and Quincy Railroad. To avoid



the surplus accumulated under the Baltimore and Ohio and Pennsylvania systems, the rate of payment of sick benefit was increased 25 per cent., making it equal to accident benefit: the distinction between accident on duty and accident off duty was abolished, and the privilege of continuing death benefit after the termination of service was extended. The maximum death benefit is from \$1,000 to \$1,500, according to class. With some other minor differences, the Burlington system is the same as the Pennsylvania. On December 31, 1898, the membership was 16,325, or 61.81 per cent. of the whole number of employees; in 1895, of the train, engine and yard men, nearly 91 per cent. were members, and of all others about 50 per cent. To December 31, 1898, receipts from members were \$2,339,525: interest on monthly balances paid by the companies, \$31,713. Operating expenses, paid by the companies, were \$449,185, deficiencies, also so paid, \$42,533; a total of \$541,718. There was an estimated surplus of \$214,958.

The Plant System Relief and Hospital Department was established July 1, 1896, on the general plan of the Baltimore and Ohio, with important differences. In a few months 95 per cent. of the employees voluntarily joined the department. The members have little voice in the management, which is mainly in the hands of a committee named by the president. The company contributes \$12,000 a year. The contributions are higher on account of the hospital feature,—in the lowest class 25 cents a month, and in the higher classes 50 cents, more than the B. & O. sums. The company guarantees the obligations of the department, and any surplus will go toward a pension fund.

The employees of the Lehigh Valley Railroad have a relief system established in 1878. Employees make a voluntary contribution to the amount of one day's wages or less, but in no case more than three dollars, as called upon by the administrators of the fund. The company contributes an equal amount. The daily benefit for an accident to any

one who responded to the last call for contributions is three fourths of his last contribution, not longer than nine months. In case of death \$50 is paid at once, and the family receive the accident benefit. In 1878-1895 the total contributions were \$432,845.04, and the payments \$6,089.16 less; the average number of contributors in 1895 was 5,332.

In these relief departments the acceptance of benefits operates as a release and discharge of all claims against the company for damages on account of the injury. The member agrees that, after an injury, he will elect either to seek damages from the company or to accept the benefits of the fund; having made his choice, the other course is not open to him. The contracts of five relief departments to this effect have been sustained by the highest State courts and by Federal courts. In all other respects than the one just named the contract between the company and the member is "a one-sided one in favor of the member, the benefits being securely guaranteed to him, and nothing guaranteed the company." The advantages to the employees are indeed great in this which eminent judges have styled "the highest order of mutual benefit association."

Mr. J. C. Bartlett, the superintendent of the Burlington relief service, closes his able address on "Railway Relief Departments," which I have freely used in this account, by stating his belief, from the side of the company, that "whether the outlay is entirely offset or not, the balance, if any, against the relief department is small, and is but a small price to pay for the improved conditions. . . . The money value of such abstractions as peace, harmony, good-will, sobriety, thrift and contentment cannot be expressed in

dollars, but it is, nevertheless, real." Mr. Willoughby,<sup>1</sup> noting that one seventh of the railway employees of the United States are now comprehended in insurance departments, makes various suggestions for their improvement which deserve the attention of all railway companies intending to take up this important system of relief for their employees.

A notable benefit has been conferred upon their employees by numerous American railways through their patronage of the Young Men's Christian Associations. The Railway Department of the Y. M. C. A. has now some twenty-one homes or club-houses for railroad men. These buildings contain reading-rooms and libraries; halls for lectures, concerts and social gatherings: class-rooms for the study of mechanical drawing, penmanship and other branches, with lunch-rooms, baths, rooms for games and smoking, bowling alleys and gymnasiums, and sleeping-rooms. The usual fee for membership is but 25 cents a month. Over sixty railroad companies interested are appropriating some \$160,000 a year for the support of this work, and have erected, or are erecting, buildings at railroad centres along their lines, ranging in value from \$4,500 to \$175,000. This work is now in operation at 136 points, with the coöperation of railroad officials. The most costly buildings are that in Philadelphia, where the Pennsylvania Railroad gave \$33,000 toward an edifice now valued at \$130,000; that in New Haven, where the New York, New Haven and Hartford Railroad gave some \$43,000; that in Chicago, where the Northwestern Road contributed \$18,000, and that on Madison Avenue, New York, erected for the employees of the roads using the Grand Central station (including express companies), by the late Cornelius Vanderbilt, now valued at \$225,000. This last is one of the finest club-houses in the country, and it is open day and

<sup>1</sup> *Workingman's Insurance*, pp. 309-318.

night for the usual fee of the railway association. At West 72d Street is another club-house for the men in the freight service of the New York Central Company.

On the Brooklyn Bridge Railway, owned by New York city, the employees receive higher wages than on the elevated roads in New York or Brooklyn; "free medical attendance in case of injury, and usually half their regular wages as long as needed; a two weeks' vacation on full pay, rubber coats and gloves, and two suits of uniform a year."<sup>1</sup>

The Brooklyn Rapid Transit Company controls five electric railways of that city and employs some 4,500 men on its cars. On account of the fan shape of Brooklyn, the company is obliged to support several car depots more than the usual number. After the strike of 1895, it converted two dingy "extra rooms where car crews spend their time when off duty into attractive quarters, well lighted, ventilated and heated." They were equipped with gymnastic apparatus, a library table supplied with newspapers and magazines, games, a pianoforte, and a pool table. This change "has corrected the tendency to frequent saloons."

At one of the depots the men have built a stage on which minstrel shows and other entertainments are occasionally given: the proceeds are devoted to athletics — as uniforming the baseball and football teams. From time to time the company engages professional talent to give a vaudeville entertainment for the men and their families, followed by a general dance. In cold weather the company contracts with a coffee-house to furnish ten-gallon tanks of good hot coffee at the various depots, where men on the

<sup>1</sup> Professor E. W. Bemis on Street Railways, in *Municipal Monopolies*, p. 566.

road may stop and "warm up" free. In the hardest summer days sandwiches of Vienna bread and ham, with coffee, are provided at the principal pleasure resort terminals. At the close of the busy summer season the men of each division have an outing, in the form of a trolley ride to a grove where the day is spent in sport, or of a steamboat excursion up the Hudson, where the annual track athletics are held. A fund of \$10,000 provided prizes for the men who have a clear record for the year: this had the effect of diminishing accidents and the need of discipline. The general effect of the company's policy has been to elevate the condition of those already in the service and to enable it to have a better class of men.<sup>1</sup>

The Chicago City Railway, operating cable and trolley lines on the south side of the city, has provided for the use of its employees, who number over 1,600, club-house quarters in its five "barns" or car-houses. Each of these houses has a gymnasium, a library and reading-room, a billiard-room, and a variety of baths. These are supported by the men themselves paying a small annual fee, the company giving the rent of the rooms. Their feeling is that the men will appreciate more highly facilities for which they pay something. This principle is justified here in the great interest which the employees show and the large amount of time they spend in the club-houses when off duty.

The Employees' Mutual Aid Association is a very flourishing organization, which was constituted September 26, 1894. On the 1st of October, 1897, it had 2,021 members (of whom 400 were former employees

<sup>1</sup> Communication from the general passenger agent.

who retained their membership), and the amount of insurance in force was \$1,010,500. The "aim and purpose" is "to maintain a benefit fund, out of which shall be paid, on the death of a member in good standing in the association, to his family or those depending upon him, as he may have directed, the amount of one assessment [on the whole body of members], provided that such amount shall not exceed the sum of \$500." In the year 1896-97 six assessments more than paid for twelve deaths: in 1895-96 five assessments paid for nine deaths: in 1894-95, seven assessments paid for seven deaths. This statement "shows a steady decrease in cost to each member for each death:" the annual fee is fifty cents in advance, and the assessment calls for the same sum within thirty days. The railway company contributed \$350 in 1896-97, "this amount being computed on a basis of 100 memberships." The company is authorized by the constitution of the association to deduct from a member's salary "each and every assessment, which said assessment, so collected, said treasurer shall remit to the treasurer of the association. . . . It is understood that the Chicago City Railway Company shall in no way or manner be liable for the assessments so made, or collected by it or its treasurer, the said treasurer only acting as an individual and not in his official capacity as treasurer of the Chicago City Railway Company. . . . Every application for membership shall be accompanied by the medical examiner's fee (\$1.50), the sum of 50 cents for annual dues, and by the amount of two assessments (\$1)," making \$3 in all; half of this sum is remitted if the report of the examiner is unfavorable.

The great success of this association is probably due in some degree to the two excellent provisions of the constitution concerning intoxicating liquors. Any member leaving the employ of the company and engaging thereafter "in the manufacture or sale of intoxicating liquors shall cease to be a member of this association immediately upon entering into such occupation." If he fails to notify the secretary of his entering such an occupation, but continues to pay his dues, "then, in the event of his death, his beneficiary shall not be entitled to any benefits of the association, and his membership shall be considered as canceled upon the date he entered into such occupation."

"Any member habitually using alcoholic beverages to excess will not be considered in good standing, and such member will be notified to appear before the board of directors, and will be given a hearing, after which, should the board of directors, by a majority vote, deem it necessary for the good of the association, they may expel said member permanently." The prosperity of the association for its first three years of existence reminded the president of "a remark once made by a railway man in regard to the operation of a certain street railway, which was to the effect that 'it would take a much better man to stop it than to run it.'"

In the anthracite coal mines of Pennsylvania something has been done by employers to improve the hard lot of the miners. The Philadelphia and Reading Coal and Iron Company established a relief fund in 1877 with an endowment of \$20,000. The system is practically compulsory. "All employees are put upon the list, and the monthly dues deducted from wages, without asking the consent of the

‘contributors.’ . . . The arrangement is generally acquiesced in, and is, indeed, generally regarded as an advantageous arrangement by the men.”<sup>1</sup> There are four classes of men, assessed from 15 to 50 cents a month; \$2 a week benefit is paid to those of the fourth class, and \$5 to those in the other classes. Thirty dollars in cash and \$2.80 a week for a year are paid to the family of a member of the fourth class if he dies from an accident while at work; the same funeral expenses and \$7 a week in the case of a member of the upper classes. In 1896, 27,626 men contributed \$125,921.64, and the fund, \$1,460.

The Lehigh Coal and Navigation Company has maintained a more liberal plan for its 5,000 employees since 1883. The company contributes the interest on a fund of \$20,000 and a fixed sum for each ton of coal mined; the inside men contribute one half of one per cent. on wages, and the outside men one fourth of one per cent. In 1895 the receipts were \$14,143, — \$8,335 from the company and \$5,808 from the employees: benefits paid were \$16,396; these benefits are \$30 for funeral expenses and half pay for eighteen months to the family; half pay for not more than eighteen months is the allowance for disability from accident.

The Lehigh Valley Coal Company, the Delaware and Hudson Canal Company, and some of the companies controlled by the Pennsylvania Railroad Company, have relief funds; employees are asked to contribute a day’s wages, the company paying an equal sum. “When the fund is exhausted, another call is made. . . . The plan is thought to be fairer for the men, especially those who are only temporarily employed, than that of the Reading or the Lehigh Coal and Navigation Company.” The fund is usually disbursed upon orders from a colliery committee, consisting of the mine’s foreman and two employees. The Lehigh and Wilkesbarre Coal Company pays funeral

<sup>1</sup> “The Anthracite Mine Laborers,” by G. O. Virtue, in the *Bulletin* of the Department of Labor, No. 13, p. 771.



expenses, and makes a monthly allowance for accidents according to the condition of the injured person's family. Coxe Bros. & Company give \$50 for funeral expenses in case of death from accident, and pay \$3 a week to the widow and \$1 a week for each child, for a year: the firm also regularly assists men disabled by accident.

The Solvay Process Company manufactures soda-ash under patents from the French company of the name, at Syracuse, N. Y., having over 1,500 employees. It has attempted to improve their condition by work done with and for their children. A small sewing-school for girls, started by the wife of the president of the company in 1886, began with some twenty-five pupils. It soon outgrew the quarters available, and in 1890 the company built a hall, in connection with a dwelling-house, arranged with special reference to the sewing-school and similar work. The number of girls is now 250; the course is graded, using the Pratt Institute system. The ladies of the families of the officers and chief employees give their services, and the expenses for material, etc., are met by the King's Daughters. An embroidery class makes fine work, which is sold at an annual bazaar, and helps largely to provide funds. There are classes in household work and cooking. A gymnastic class for boys and girls over twelve was formed in 1887, on a self-supporting basis, and ran for six years, being then superseded by a dancing class, organized among the boys and young men in 1890. This also contributes to the treasury of the King's Daughters. The improvement wrought by the classes carried on by these ladies has been great. Kindergartens in Solvay village and in Syracuse have been promoted by them.

The Solvay company has divided profits with the general officers and the chief employees since 1887, the bonus being proportioned to the dividend on stock. In 1890 "a junior class of participation" was formed, taking in the foremen and assistant foremen, depending upon dividends in a reduced proportion. Between seventy-five and one hundred persons are now profit sharers, and the plan is stated to have worked admirably. The Mutual Benefit Society of Solvay had a balance on hand, February 15, 1899, of \$7,925.59: the company, with one representative on the board, contributes half as much as the men, having given twice or three times this amount in former years.

The operation of a pension fund, established in 1892, has not been satisfactory, and it is being wound up. The company had contributed nearly \$200,000 by 1895, and 1,500 men were interested; they had individually consented and agreed to the articles governing the fund, which were of the usual kind. But some twenty-five suits were brought against the company to compel the payment of pass-books given under these conditions, which had not been complied with, and a typical case was decided against the company, which appealed, and it is now pending. Rather than have further difficulty, the company has paid out a large sum in settling claims presented to it, and is paying off and canceling the pass-books, being assured, so far as possible, that the sums paid are actually expended for the purposes named. The president believes that the class of workmen employed at Solvay are not yet ready to appreciate a scheme of this character.

Fels & Co., manufacturers of soap, Philadelphia,

**Penn.**, employ some 175 persons, of whom about one third are women. The firm, while paying very good wages, reduced the working day for men, some years ago, from ten hours to nine. More recently the girls' day has been reduced to eight hours ; and in dull times the day for men and boys is eight hours, without reduction in wages, their week being five and one half days, and that of the girls five days. Office employees and foremen receive a vacation, and factory employees have Saturday afternoons in summer, with pay. Dressing-rooms are provided : a lunch-room for girls is a fact, and one for men is a probability. An open space, laid out with grass and plants, gives opportunity for lounging and games during the noon-hour. The employees' mutual aid association is subsidized by the firm, which offers facilities for savings that are well used. The firm does not yet see "an increase in material work equal to increase in wages and decrease in hours, but the result in that direction is not discouraging. There is recognizable, however, a cheerfulness and interest throughout the place to be attributed largely to the sense of fair treatment. The need of close overseeing is less than formerly. We think we see a more self-respecting bearing in the force and a cordiality towards the firm which fully justify the concessions made."

The **Sherwin-Williams Company**, of Cleveland, Ohio, are paint and color makers, employing some five hundred persons. Two floors of one of their buildings have been converted into lunch-rooms, with a kitchen annexed, under a veteran cook. The method is like that of the **National Cash Register Company**, serving tea or coffee, and a stew or a soup free ; but

there are some extra dishes which are provided at cost price for those who wish them. The men take weekly turns in serving on each table. (The seventy-six girls employed have a separate room.) The president, the officers and the traveling salesmen, when in town, take their lunch here. The men lunch in two shifts; their lunch-time is limited, from the nature of the business, but there are books and magazines in the room at their disposal, if they have time for them. There is also a branch of the Public Library in the factory with ninety-nine names on its list. The company does much printing, and the work is often put before the men at lounging-time for inspection and suggestion. There is a complete laundry in the factory which washes the large number of towels and aprons needed in the work, and the table linen of the lunch-rooms. There are large bath and wash rooms, which are in frequent use. The employees and their families are invited to an annual outing: each employee receives a turkey for Thanksgiving. The Mutual Benefit Society (182 members) pays a benefit of 50 per cent. of regular wages for not more than twelve weeks, and a death benefit of \$25, to which the company adds \$75. The member's contribution is one cent on a dollar of wages up to \$10 a week. The company prints a monthly magazine for circulation among the men. "We are very confident that what we are doing for our employees is most heartily appreciated by them. We believe that it pays."

The immense works of the H. J. Heinz Company, of Pittsburg, Penn. (pickles and preserves), employ some 2,500 persons, of whom 400 are women (dressed in blue gowns and white caps). For the benefit of

its female employees the company has numerous conveniences. On the fourth floor of one of its large buildings it has a lunch-room with a seating capacity of 500; it is attractively decorated and furnished, with a hundred or more pictures on the walls and a piano-forte in one corner. Tea and coffee are provided for a cent a cup, and food is warmed or cooked: a "free lunch" was not relished by the more independent girls. In the story below are the large dressing-rooms, where each girl has a separate locker, with bathrooms and a rest-room with two beds and a medicine closet for women indisposed. A matron has the oversight of the girls. The roof of the building, with a fountain playing on it, is available as a roof-garden during the noon-hour: there is an organ in the tower. The lunch-room is used for concerts and lectures winter evenings. The men employed have access to a restaurant where food is sold at cost, and there is a circulating library open to all. In a new building just erected there is a men's dining-room like that for the women. In the fourth and fifth stories is an auditorium 100×100 feet and 30 feet high, lighted by a large dome in the roof, and seating 2,500 persons. This is to be used for lectures and entertainments for the employees, for the annual Christmas festivities, and, under certain restrictions, for public meetings and entertainments. On the top of the building is a roof-garden 100×180 feet, with plants, flowers and shrubbery, and connected by an elevator with the lower floors.

The P. Lorillard Company, tobacco manufacturers of New York, established in 1882 a library, reading-room, and gymnasium for the use of its numerous employees in

Jersey City, where its works are located. These institutions were in Booraem Hall, on the corner of Grove Street and Newark Avenue. The catalogue printed in 1884 showed over 6,000 titles of popular and standard literature in its 82 pages: the library is open daily from 10 A. M. to 10 P. M., — for women on Mondays, Wednesdays and Fridays, and for men on the alternate week-days: for both sexes on Sundays and holidays. Ten daily papers and thirty-five weekly papers and magazines are kept on file. Evening schools have been kept in this hall in compliance with the New Jersey law, and over two hundred boys and girls attend on an average. The need of extra room was so great that the gymnasium was surrendered to the schools some years ago. Testimony to the effect that "the Lorilards are good people to work for" is not lacking.

At The Fair, one of the great department stores of Chicago, one will find on the restaurant floor, and occupying a part of the restaurant space during its session, a school for cash girls, which might well be imitated by other department stores. It has been in charge of the same lady teacher for ten years: as many as 106 girls are in attendance for two hours every morning. The instruction has a practical bearing naturally. "The Fair" employs the teacher, buys the text-books, and in other ways shows its sympathy with this plan for remedying the defects in the school education of these children put to work so early.

The Bullock Electric Manufacturing Company, of Cincinnati, Ohio, furnishes its employees with lunch-rooms, bathrooms and reading-rooms. The Eastman Kodak Company, in its camera works at Rochester, N. Y. (1,000 employees), has a lunch-room for the girls, with a cook who prepares the material furnished by them; there is a similar arrangement for the men, and also a lunch-room for the women employed in the office building. S. E. Packard and Sons, paper-box makers, of Campello, Mass., have equipped a lunch-room for their seventy-five employees. They have provided dressing-rooms and

lockers, with uniform overalls and coats for men, laundered at the firm's expense. They have adopted the committee system, having a factory committee and an executive committee composed of the foremen and one of the firm.

The Remington-Sholes Company, of Chicago, makers of typewriters, with two hundred men, offered prizes April 1, 1899, for useful suggestions from them. In the next three months it received about thirty suggestions, "some of which are useful, and one of which has been embodied in our machine. . . . The experiment has awakened great interest and will be productive of good, and result in closer relations with our employees." The United States Printing Company, of Cincinnati, Ohio (labels and show-cards), has adopted the autographic register plan, and is "very much pleased with the results obtained."

F. A. Brownell, manufacturer of photographic apparatus (in connection with the Eastman Kodak Company), Rochester, N. Y., employs about 1,000 hands, 100 to 150 of whom are young women. The young women help are employed entirely on the first story, entirely separate from the men, who occupy the basement and remaining five floors. The young women have a dining-room with a competent cook in charge, who furnishes a satisfactory dinner each day at a price of sixty cents per week, which is considerably less than cost. There is a large dining-room on the fourth floor for men and boys; their kitchen is not yet in operation; they bring their own luncheons. Adjoining the dining-rooms are separate libraries and reading-rooms for the men and young women; each being in charge of a competent librarian. Connected with the young women's cloak-room is a hospital for their exclusive use. On the sixth floor is a convenient hospital for the use of the men and boys. All employees taken suddenly ill or injured are given immediate aid, and a surgeon called, or they are sent to a physician or surgeon, as the case requires. Racks are placed in convenient places on the first floor for the

accommodation of the young women who ride bicycles, while a system of bicycle storage is provided in the basement for some three hundred men who ride wheels to and from their work. The basement, which is a light, airy room with asphalt floor, is also being fitted up with lockers for men and boys. The factory was built on the mill-construction plan, with very large windows which furnish excellent light and ventilation. The building is heated by hot blast, with which the air in the entire factory may be entirely changed every ten to twenty minutes; the same system supplies hot air in the winter and cold air for ventilation in the summer. In December, 1898, a suggestion system was adopted. Eight prizes, from \$5 to \$25 in amount, were to be offered each month. A number of iron post-office boxes are located at convenient points about the factory. The suggestions are written on blanks, a pad of which is attached to each box. Three prizes, \$20 to \$50, are offered for the best suggestions adopted during the year. A "Prize Awards Bulletin" is published monthly, giving the suggestions adopted, the prizes awarded and various matters relating to the factory. In the eight months, December, 1898, to July, 1899, the number of suggestions made varied from 81 to 208; from one eighth to one quarter of these were adopted. From money not given out as prizes (because of insufficient merit in the suggestions) prizes have been offered for those offering the largest number of suggestions adopted but not winning prizes.

The Bausch and Lomb Optical Company, Rochester, N. Y., adopted in May, 1899, a plan for inviting suggestions, from their 982 employees, for improvements in regard to the work, the finished product and the factory conditions. Each quarter seven prizes, varying in size from \$5 to \$25, are offered for the best suggestions, and a grand prize of \$100 for the most valuable suggestion of the year. Up to June 27, forty-six suggestions were received "some of which are very good." The J. C. Ayer Company, manufacturing chemists, of Lowell, Mass., has



recently put in a number of autographic registering machines, and offered prizes for the best suggestions. The **A. B. Chase Company**, makers of pianofortes and organs, Norwalk, Ohio, with 125 to 200 men, offered prizes in February, 1899, for the best suggestions for improvements, economies and the advancement of the company in any direction. In the next four months the company "received a large number of suggestions, and have been able to institute many profits in our goods and in process of manufacturing." The **Farrand-Votey Organ Company** and the **F. H. Sanborn Company**, both of Omaha, Neb., have adopted the committee system of management.

The **Siegel-Cooper Company**, department store, New York, on January 1, 1899, presented a life-insurance policy of \$1,000, with the first year's premiums paid (\$26,415), to some 504 men, who had served a year or more. The president of the company, Mr. Henry Siegel, outlined a pension fund scheme for the benefit of employees showing ten years of service. The endowment fund of \$200,000 is protected by a life-insurance policy of that amount taken out by Mr. Siegel, payable at his death or on maturity of the policy in 1919. As the store has been in operation but three years, it will be seven years more before this scheme can become operative ; the details have not been worked out, but the general plan contemplates pensions equal to 50 per cent. of the employees' income, the maximum being \$600.

The **First National Bank**, of Chicago, Ill., adopted May 1, 1899, a plan of pensioning officers and employees, which is modeled on that of the **Bank of Montreal**, and is said to be in force in a number of banks in England and Canada. Three per cent. of wages and salaries is deducted monthly, and pensions will be granted after fifteen years of service and sixty years of age. Retirement is to be usually compulsory

at sixty-five years. In case of voluntary resignation or dismissal, all payments made will be returned without interest; in case of the death of a contributor who has not been fifteen years in service, and leaves a widow or children, the bank may grant a pension or return to the estate all moneys paid in, with interest at four per cent. Members whose term of service has been under twenty-five years at retirement will be entitled to a pension for as many years after as they have served. Others will be entitled to pensions for life. The widow will receive half her husband's pension until re-marriage, for a term not longer than his term of service: and if she dies leaving children, they shall receive the benefit of the pension until the youngest is eighteen years old. No clerk is allowed to marry on a salary of less than \$1,000 a year, under penalty of dismissal. The pension is fixed on the basis of one fiftieth of the salary at superannuation for each year of service, but in no case can it exceed thirty-five fiftieths of the salary. A clerk on a \$2,000 salary could thus retire at sixty on \$600 a year, after contributing \$60 a year for fifteen years. The bank has set aside a considerable sum to insure the adequacy of the fund, and will, from time to time, charge to ordinary expenses such further sums as may be needed. The 250 employees of the bank, from the officers to the janitor, have all become members, and membership will be compulsory hereafter. The National City Bank, of New York, has had a simpler pension scheme in operation for two years.

## PART III

### A DIRECT DIVIDEND TO LABOR

#### CHAPTER IX

##### FIVE CASES OF PROFIT SHARING

WE have already met several instances, in our survey of employers' institutions, in which there is a more or less regular practice of paying a dividend to the employee, based on his wages. When the employer adopts this method formally and embodies it in a set of rules and regulations, promising to give the bonus in one form or another, not to the whole body of workmen collectively, but to the individual workmen, he enters upon the system usually known as profit sharing. After the detailed treatment given to this subject in my previous volume (1889), I need only supplement that work with two chapters devoted to the developments of the last ten years. I will first ask attention to one French, one English and three American instances, in which the system has had an unusually interesting outcome, and will give somewhat detailed accounts of the experience of the five companies. In the Baille-Lemaire case the transition from the older form of ownership is marked by novel features. In the Bourne Mills the conditions were such as are generally supposed to be peculiarly adverse to the success of profit sharing. With the Procter

and Gamble Company we meet the fullest recognition of the right of the workman to an explicit dividend on his wages. In the case of the South Metropolitan Gas Company, profit-sharing employees are entitled to vote for workman directors of the company. With the N. O. Nelson Company the effort is making to convert the business into a coöperative enterprise.

#### THE MAISON BAILLE-LEMAIRE.

The opera-glasses made by the Baille-Lemaire house of Paris are known throughout the civilized world. The industrial system practiced by it is far from having had the same wide report, but this deserves to be signalized among the leading instances of patronal institutions and participation which have not been frequently described. Its union of business sagacity and human kindliness was recognized in the conferring upon it of one of the five gold medals of the Prix Audéoud, given in 1889 to commercial establishments of great merit.

M. A. Lemaire began the manufacture of opera-glasses in March, 1847, on a very modest scale. He started with one apprentice only, and after several months of good business he engaged two workmen, who soon left him, as he would not grant an unwarranted increase of wages in the revolutionary year 1848. (This is the only labor trouble that the house has had in its half century of existence.) Keeping only two apprentices thereafter until 1849, M. Lemaire took into partnership, in that year, his cousin, M. Daumas, a locksmith, who is still the director of the workshops. M. Lemaire was a skillful inventor of new processes, and his work was recognized by

the various expositions in prizes awarded to his house, which grew rapidly and numbered about one hundred workmen in 1860. He always considered the improvement and development of the working force to be a matter demanding as much interest and care as the plant of the establishment. So, in 1861, he began the "social organization" with a school for apprentices, which was followed by a premium-for-attendance system in 1869; the Aid Fund (*caisse de secours*) in 1865; the Retiring Fund in 1878; *l'Harmonie des Ateliers Lemaire* in 1881; profit sharing and the Committee of Direction in 1885, and *l'Union de l'Épargne* in 1886. M. J. B. Baille, a graduate of the Polytechnic School, became the son-in-law of M. Lemaire in 1870, and his devoted collaborator in 1871; on the death of M. Lemaire in 1885, the entire ownership and direction passed into the hands of M. Baille. Three years later the house was employing twenty-five apprentices and some five hundred workmen, half of them employed in the shops and half outside on the parts of opera-glasses not needing any motive power for their making.

M. Lemaire established his school for apprentices in 1861 in order to solve some of the difficulties which the decay of the old system of apprenticeship had caused. These difficulties, both intellectual and moral, were such as to impress especially such a man, deeply aware of the importance of keeping up the morale of his house. After he had brought up a number of apprentices as he himself had been trained, the growth of his business and the increasing difficulty of finding workmen faithful

and skillful enough to manage his new machinery, led him to establish his boarding-school for apprentices. The boys are taken at thirteen or fourteen years of age and kept until seventeen or eighteen, the whole cost of their food and lodging being at the expense of the firm. A small sum, enough to excite their interest, is paid them at first as wages, and they soon receive sufficient to relieve their parents of all expense. Two overseers have charge of them in the eleven working hours, and trusty workmen keep an eye on them at other times. Two teachers from the Parisian schools give instruction in the evening, chiefly in geometrical drawing as the basis; but attention is also given to arithmetic, the history of France, natural science, hygiene and practical morals. Each evening closes with a reading by a pupil from some interesting book, like the romances of Erckmann-Chatrian or Jules Verne, or selections from Michelet. A taste for good reading is thus formed which brings about a steady use of the library of the school. The boys enjoy a fortnight's vacation each year at M. Baille's country seat. Between 1861 and 1887 there were 309 minors connected with the school; of these, eighty-seven completed the full course, the firm placing no obstacles in the way of a withdrawal at pleasure. Only those remaining for the four years, however, were admitted to the shops, and the firm selected, of course, the best in ability and character for its service. Regular pay each week, admission to the aid and retiring funds, and a savings account, payable at the close of the apprenticeship, were formerly stipulated for each minor, but are now optional

with the firm, according to the work and conduct of each boy.

The Baille-Lemaire house has always insisted much on steady employment of its plant as desirable from the point of view of self-interest ; it has stopped work as little as possible, preferring to do work in advance of orders, and to take other measures attended by some risk, rather than shut down, even for a short time. Faithful attendance by its workpeople being just as desirable for the interests of the house, it began in 1869 to pay a premium for regularity. Every workman who lost less than three hours per week received seven per cent. additional on his wages ; this was afterward increased to ten per cent. All the workmen, with rare exceptions, now earn this premium, but any man absent three successive Mondays without good cause is dismissed. To avoid accidental stoppages, harmful to all concerned, two steam-engines and two boilers are in use, so that there is no loss of time for the usual repairs when one breaks down. Work has been interrupted only during the siege of 1870-71, and the week of the Commune in May, 1871.

The Aid Fund (*caisse de secours*) is supported from the general expense account, not from profits, it being a cardinal principle with the Baille-Lemaire house that the men shall be kept in good repair as well as the machinery, at the expense of the house. Besides an indemnity of three francs a day during sickness, and the expense of medicines and medical attendance, the workman is entitled to receive 100 fr. on his marriage ; 100 fr. on the birth of each child, and 50 fr. on the decease of his wife ; 100 fr.

a year if he becomes a soldier, and a certain sum *per diem* while on reserve service; at his death 100 fr. are paid to the widow, and 50 fr. for each child under fifteen years of age. The house is in the habit of making small loans without interest to its employees, even to those who have savings in the bank, but prefer to make use of the loan system.

The Retiring Fund (*caisse de retraite*) was founded in 1878. Half of the ten per cent. premium on wages for regular attendance is paid in cash. The other half goes to constitute this fund, which is paid into the State Retiring Fund, the house acting simply as an intermediary, to hand over the money, semi-annually, on inalienable accounts. The operation of the fund is such that the workman who receives an average of forty francs a week, and begins to deposit at eighteen, would have at sixty an annuity of some 1,500 fr. This was the return when interest was five per cent.; the rate has been reduced since, but the workman's receipts from the profits will increase his savings. From 1878 to 1888 the total deposits were 195,979 fr., of which 11,400 fr. were extra savings made by the employees.

MM. Baille-Lemaire were of the opinion that the transformation of their establishment into a true coöperative productive house would have various inconveniences. They have preferred to diminish general expenses as far as possible, even to the extinction of interest on the capital employed. In 1885 they began a system of profit sharing, having this end in view. For fifteen years (1885-1900) the profits were to be divided yearly into four parts. One of these is apportioned among the overseers and work-



men ; the other three go to liquidate (or amortize) the capital. The sums liquidated no longer bearing interest, the expenses rapidly decrease. When the entire sum is amortized, one half of the profits will go to capital, which will then receive no other remuneration, and the other half to the working people. A deduction will first be made in favor of the institutions of the house. When one half of the capital has been liquidated, the profits are to be divided into three parts, two of which shall go into the liquidation. This house will thus be soon in a unique position. The capital in it will do its work, but receive no wages and only one half of the profits. M. Baille will still be master and proprietor, and he will be free to introduce modifications of his plan if he should desire to do so. At the present time he has a consulting committee of six overseers ; it meets frequently for familiar discussion of the business, each overseer presiding in turn ; they thus acquire a practical knowledge of commercial affairs. The transformed house will possess a very desirable elasticity in its business relations.

The profit sharing proper operates in this way. A deduction is first made for rewards for improvements in the processes of the work, and an account of the year's business is rendered to a committee of direction. At present one fourth of the profits are divided among the workmen, and the remainder applied to the liquidation of the capital. When this process has been accomplished, forty per cent. of the profits will go to the workers, forty per cent. to capital (without interest), and twenty per cent. to endow the various funds. Of the sum now going to the working force, two thirds

falls to the overseers and the responsible workmen, in unequal shares, and one third to the other workmen, according to wages and seniority. The profits divided annually are affected by the varying rate of interest allowed to capital, from three to six per cent., according to the state of the market, and by payments to the reserve fund. When an employee has been twenty-five years in the service of the house, he will receive a premium running from 100 francs a year up to a possible 2,000 francs.

An attractive feature of the Baille-Lemaire *ensemble* of friendly relations between master and men is *l'Harmonie des Ateliers Lemaire*, established in 1881 and reorganized in 1888. This society of the workers who have musical ability admits honorary members, and M. Baille is the honorary president, but it is governed by its own committee; self-government here, as everywhere else, says M. Baille, tends to moderation and tolerance. There are three reunions every year in the house, at all of which the Harmonie Lemaire contributes greatly to the general enjoyment. New Year's day the workmen and their families call upon the head of the house, in turn, and gifts are distributed to the children. A summer festival is held on a pleasant afternoon at M. Baille's country seat. In the winter the Harmonie Lemaire gives a banquet and ball, at which M. Baille and his family assist. There is no thought of patronizing on their part; but these social events are friendly meetings of a large industrial family, in which M. Baille declares that he tastes his highest and purest pleasure. Even when the master's wine flows freely there has been no excess or impropriety. The American

reader who has seen them will be reminded of the reunions of the Riverside Press at Cambridge, and of the Procter and Gamble employees at Ivorydale, near Cincinnati.

The Union de l'Épargne was established voluntarily by the Baille-Lemaire workmen in 1885, and is under their own control. Each member pays in from one to five francs weekly; at the end of three years the property of the union was 45,697 fr. 25 c. This association is regarded by the proprietor of the house as one of the strongest evidences of the success of his far-sighted plans. The best of feeling reigns in the establishment, and M. Baille considers his prosperity as due to the gradual development of the admirable institutions we have briefly sketched.<sup>1</sup>

#### THE BOURNE MILLS.

A striking illustration of what profit sharing can do may be found in a line of industry in which the rate of compensation to the worker is not high, comparatively, in which the first cost of the plant is large, and the importance of hand labor by the side of machinery is low, and in which the average grade of intelligence is not up to the common level of the environing society. The Bourne cotton-mills of Fall River, Mass. (the mills are just over the state line in Tiverton, R. I.), supply all these conditions, which will at once be recognized as in themselves unfavorable to any high degree of success in the application of profit sharing. The intelligence and "animated moderation" with which the

<sup>1</sup> This account is based upon M. Baille's *Notices of his Institutions Patronales*, published in the *Bulletin de la Participation aux Bénéfices* for 1890, pp. 21-62.

idea has been applied there have, however, made this experiment one of the most successful instances on record. It has these distinct excellences as an illustration of the possibilities of industrial partnership, — that it is of recent date, while it has yet been in force long enough (ten years) to give assurance of stability; that it has been subject to disadvantages from which many occupations are free, such as the comparative unintelligence of the French Canadian workers, now so important a force in New England factory towns; and that it has been conducted through six years of prosperity and four of extreme depression, while subject to continuous hostile criticism from the other mill-owners of the city.

Mr. Jonathan Bourne, the first president of the Bourne mills, had long been a whaling merchant, and was familiar with the usual custom, which works so well in whaling and sealing, of giving the men on each vessel a “lay,” or share in the profits of the product. After two years of handsome dividends in the new mills, and a year’s careful consideration of the scheme, the directors, through Mr. George A. Chace, the treasurer, issued a circular May 23, 1889, announcing that profit sharing would be adopted for the six months beginning July 1. Mr. Bourne died a month later, and the directors have pursued a very conservative course ever since in regard to their time limit. Every six months the plan was readopted for six times, before a whole year’s experiment was sanctioned: in the entire ten years a favorable vote for continuance has been given fourteen times. The directors, while actuated by feelings of good-will toward their employees, adopted and have continued the

profit-sharing method, not as philanthropy, but as "good business," operating for the benefit of all concerned. The treasurer has taken pains, in his regular communications to the working force, to emphasize the duty of every employee to contribute his share toward the best possible operation of the mills.<sup>1</sup>

Every employee of the 400 or more, who has served six months and worked faithfully during the term of this scheme, has a share in the profits "in proportion to the dividends declared and paid to the stockholders." The share is paid as a dividend upon the wages earned. A sum amounting to not less than six, nor more than ten per cent. of the amount paid to the stockholders (the percentage being determined by the directors) is divided by the largest total wages which the force can earn in six months. This gives the percentage on wages to be paid to each worker. His "divvy," as the men call it, varies thus according to his whole wages. The average of the twenty semi-annual dividends on wages for the ten years has been 3.3 per cent. (2 was the lowest, and 7 per cent., paid once,

<sup>1</sup> Mr. Chace writes thus in August, 1899: "Profit sharing has been voted upon by our board of directors now fourteen times, and no dissenting vote has ever been recorded. Neither have I ever received or heard of any opposition to it upon the part of any of our stockholders. I have, on the contrary, on various occasions, obtained information, either directly or indirectly, to the effect that it was a pleasing experiment to them. Some, of course, look upon it favorably from a philanthropic standpoint, and are gratified to believe that a profitable investment in which they are personally interested is being used, as they think, to advance the condition of employees and promote better feeling between capital and labor, while others regard the venture in a purely business way, and conclude from the results, in the comparative returns of dividends upon capital, that it is a profitable method of employment of workmen, and hence they too are pleased."

the highest: 3, or a little over, was the usual rate), — 66 per cent. in all. The average wages of all the employees were 10 per cent. greater in 1897 than in 1889, though the standard price of wages was higher then than in 1897 (except for mule-spinning), and the mills ran two hours more a week: the tendency has been uniformly to increase. Employment has been almost constant in the Bourne mills for these ten years, — “really the greatest advantage of all” to the employee, says the treasurer. Stoppages amounted to only 3 per cent. of the maximum full time.

Between 1889 and 1895, inclusive, the Bourne mills paid nearly twice as large dividends as its competitors, — a fact largely due to profit sharing, it is reported, and sufficiently explanatory of the treasurer’s statement in July, 1897, that the plan has never “been more satisfactory than at the present time.” Mr. Chace has always warned the employees and the general public against expecting too much from the new method. But, “within certain bounds, under favorable conditions, it is worth the trial of any fair-minded man of business,” he has recently said in print. A secret vote of the employees on the continuance of the system was taken in November, 1895. It showed but six ballots against the system, while several hundred believed it an advantage to themselves and a benefit to the corporation. One conscientious workman voted “No” because he felt that the corporation did not receive a full equivalent for the bonus!

Mr. Chace, who has taken great pains to educate the employees in a right understanding of the system, issued a circular in December, 1895, giving the result of the ballot of the month before, and continuing

thus: "The plan has now been in practice long enough for all to understand that it means a sum of money to every one who conforms to the simple conditions during a term of six months. I can assure you that I pay this money to you as heartily as I pay the dividends upon which it is based; and I am glad to be able to add that never has an objection or murmur reached me from a stockholder on account of it since the plan was adopted, nearly seven years ago. It seems no more than right, however, that it should be made clear to every one expecting a share in the profits, that there is no intention on our part to make a free gift of money for nothing, but rather that every payment is the carrying out of a distinct agreement or contract, under which both parties to it are hoping for mutual benefit. To emphasize this point, in future all persons whose names are entered on the profit-sharing rolls will agree to and sign the following contract, which has been printed on cards for that purpose, namely: —

**TREASURER BOURNE MILLS:**

Please enter my name in the profit-sharing roll for the term ending June 13, 1896, upon the conditions named and hereby agreed upon; namely, that I will endeavor throughout the term

(1) To do faithful service as an employee of the corporation.

(2) To promote its interests as far as my acts and influence go, both in and out of the mill (knowing that its success will contribute to my own welfare, too).

(3) To deposit some sum of money every month, if possible, in the Employees' Savings Fund or in some savings-bank,

it being further agreed that I shall forfeit all claim to

any share of the profits if any of these conditions is infringed.

“The signing of this agreement on the part of those who want to share in the profits of the next six months is simply putting in writing what has been understood all along ; and every one, every man, woman, and child in our employ, is just as cordially invited to participate as ever before. I would like to enter every name on the pay-roll in the profit-sharing roll also. I appreciate the interest that has been taken by a great many of you during the past nearly seven years in promoting the success of the Bourne mills ; and, while we can hardly hope that seven more fat years will follow, I am here to do the best I can, and that is all I will ask of any one of you.”

A sign of the liberal spirit in which the Bourne mills interpret the three conditions given above is the following notice sent to a number of employees in December, 1895. “The directors regret to remind you that you forfeited your dividend September 23, by quitting work without obtaining permission. As it might seem harsh, however, to cut off the whole of it under the circumstances, they have restored to you under the form of a gratuity [5 per cent. on wages] a sum larger than any dividend paid you heretofore, though not as much as you might have received except for your action at that time.”

Another letter of the treasurer to the employees, under date of July 1, 1897, spoke of the great decrease in the number of “seconds” made in the mills under profit sharing (a reduction from five to one) ; and this, too, “means an improvement in the general quality.” These results “are not the spasmodic out-



come of an experiment just begun, but the daily routine after eight years of experience." The superintendent and the treasurer united in declaring that "it has been a pleasure rather than a task to do business under these conditions the last eight years."

#### THE PROCTER AND GAMBLE COMPANY.

The Procter and Gamble Company (established in 1837 and incorporated in 1890, with \$4,000,000 capital) manufactures soap, candles and glycerine, at Ivorydale, seven miles north of Cincinnati, Ohio.<sup>1</sup> Here the company has some thirty large buildings; the architect, Mr. Beman, had been the architect of Pullman, Ill. "The result of his labor ought to satisfy the æsthetic taste even of the fastidious. Ruskin himself could hardly be displeased with it. A genuine attempt has been made to apply the principles of art and to beautify the daily surroundings of the people." The company has every convenience and facility for the economical manufacture and transportation of its products that modern art and science can supply, in the way of the finest machinery, railway tracks and locomotives of its own, and the utilization of all waste matters. There are some 600 workpeople at Ivorydale, and 100 more in the Cin-

<sup>1</sup> The authorities for this account are Professor F. W. Blackmar, of the University of Kansas, in an article in the *Forum*, of New York, for March, 1895, on "Two Successful Examples of Profit Sharing;" another article, "An Experiment in Profit Sharing," by Mr. W. C. Procter, of the company, in the *New York Independent*, for May 2, 1895, and a third by Mr. I. W. Howerth, of the University of Chicago, in the *American Journal of Sociology* for July, 1896, on "Profit Sharing at Ivorydale." Messrs. Blackmar and Howerth studied the subject on the spot, as I have also done, beside receiving communications from the company.

cinnati office and on the road. Soap-making does not demand much skilled labor: wages are comparatively low for this reason, averaging \$10 per week for men, \$4.75 for women, and \$3.50 to \$7 for boys; in the wrapping department the girls are on piece-work.

The firm had much trouble with its employees, who were mostly ordinary, unskilled laborers, in the year 1886; there were fourteen strikes, involving from 11 to 114 workers; they were for "all sorts of trivial causes." It adopted profit sharing in 1887, in order to secure relief and establish friendly relations with the employees. The plan gave a reasonable salary (\$4,000) to each active member of the firm, as a portion of the expenses. The net profits were divided between the firm and the employees, in the proportion that the wages paid bore to the whole cost of production. If the business done, for example, was \$100,000, the net profits \$10,000, and the wages \$20,000, then two ninths of \$10,000 went to the workpeople and seven ninths to the company, wages being that proportion of the cost of production ( $\$100,000 - \$10,000 = \$90,000$ ). Three months' service only was required as a condition of participation, some seventy-five boys and girls earning less than \$4.50 a week being excluded. "The plan was accepted by the employees in a half-hearted way and without any belief that it would be of material benefit." But the first six months gave a dividend in October, 1887, of 13.47 per cent. on wages, one person receiving \$275; the second dividend was 11.80 per cent., and the third 9.33 per cent. There was, however, but a slight and temporary increase of interest among the workpeople, immediately after the distri-

bution. In October, 1889, to put an end to this indifference, the company divided them into four classes. Those who tried to prevent waste and do better work and to advance the interests of the business were to be paid twice the regular dividend. The bulk of the employees should receive this regular dividend. Those who did not show much interest were cut down to one half, and the careless, indifferent and wasteful were to receive no bonus whatever.<sup>1</sup> As a result, probably, of this wise classification, the dividend of April, 1890, rose to 15.57 per cent. (That of April, 1889, had been 12.13 per cent. and that of October, 1889, 12.50 per cent.) The average for three years was 12½ per cent. Carelessness gradually diminished, and one of the directors could say, that "indifference has entirely disappeared."

In July, 1890, when the firm became a stock company, the prospectus promising 12 per cent. on the common stock, if earned, the plan was changed so far as to pay the workmen the same dividend on wages as the common stock earned. A stockholder having \$500 worth of stock and an employee earning \$500 a year receive \$60 each, 12 per cent. having been paid since January, 1891. The number of employees participating has risen from 225 in 1887 to 550 in January, 1899, being fully 92 per cent. of the whole number. The right to deny the dividend for cause is reserved by the company, but the classification has been given up, having accomplished the desired effect. Any waste or loss of material, due to carelessness or

<sup>1</sup> The whole amount of the bonus was not affected by the number sharing; the share of the debarred employee went to the others: under a later arrangement, to the pension fund.

neglect by an employee, is charged against his dividend, as when a laborer climbed upon an engine, where he had no right to be, and pulled the throttle, and the engine demolished a wall in front. Only four men had any charges against them in the last half of 1895, carefulness having much increased.

The employee is encouraged to become an owner of stock. If he makes a written application, inclosing \$10, the company will buy for him a share of common or preferred stock at the market price; he must finish the payment within two years, by installments of \$5, or multiples thereof. The company charges interest at 4 per cent. on the unpaid balance, taking this out of the dividends on the stock, which it holds as security; equitable arrangements are made in case cancellation of such an engagement is desired. Eighty workpeople have taken 191 shares so far, 70 being bought by as many different persons. "Under an earlier plan over 1,000 shares, which are now nearly paid for, were taken by the clerical force and foremen." In order to induce the employees to become stockholders more generally, the company, which believes firmly in this method of coöperation, is intending to guarantee them against loss by making their stock a first lien upon the property. "A most marked improvement," says one of the firm, "is shown by those who have purchased stock, not only in their ability as employees of the company, but in the general character of the men."

A pension fund was established in 1894. Five hundred dollars are semi-annually set aside for it, half being from the bonus and half paid by the company. The president of the company is the chief trustee, and

the four others are employees elected annually. If at any time they find the income in excess of the amount needed, they can discontinue the above payments for a season. A pensioner must have been seven years in service before permanent disability, partial or total, has been caused by accident, sickness or old age. No pension can exceed 75 per cent. of the average wages earned in the last two years of service. The company provides work, such as they are able to perform, for those entitled to a pension, and the fund pays a further sum, large enough to make the whole amount received equal to their former average wages. The fund amounted to \$2,608.90 in January, 1896, with only one pensioner, and \$6,203.09 in January, 1899, with one pensioner still.

About one half of the employees live near Ivorydale, but the company has only a few houses let to them, as it prefers to have them independent, rents being low. A building association, however, has been in successful operation nine years, and is now useful as a savings-bank "in which many of the employees have neat balances to their credit." A coöperative grocery was unsuccessful, as the employees living near failed to take interest in it after one year. A library and reading-room, with rooms for smoking and card-playing, provided by the company, has not been much appreciated by the employees, who have many mutual aid clubs and prefer associations outside of the group in which they work. The company hopes for an increase of good results with the development of social and intellectual life, toward which the Saturday half holiday, without loss of pay, will contribute. The semi-annual distribution gives in addition two full holi-

days — “dividend days” — devoted to games, sports and a general meeting addressed by several speakers, in which the employees take great pride. In case of accidents from the machinery (so well guarded that these are few) the employee receives full pay while recovering. A physician’s care is provided free by the company, and there is a distribution of turkeys at Christmas, one to each family represented.

The company has secured relief from labor troubles by its profit-sharing scheme and its friendly disposition toward the employees, shown in so many ways ; it has had no strikes or serious difficulties since 1887. “We believe that it would be impossible to foment any such trouble among them now. On several occasions some troublesome fellow has tried to produce dissatisfaction. The men themselves have gone to the foreman, with details of the attempt, and the suggestion that the disturber be discharged.” “The expense of breaking in new men has also been almost done away with ;” the average change in a year is not more than a dozen persons, positions being desired by the employees for friends, who are usually better hands than the casual applicants. A system of promotion encourages the ambitious and further tends to stability. About 50 per cent. of the force received the whole seventeen bonuses to January, 1896, and about 90 per cent. received twelve.

The saving of labor at Ivorydale has been considerable. In 1894 the labor cost of manufacture (including the 12 per cent. bonus) was 63 per cent. of what it was in 1886 ; wages were 12 per cent. higher. A conservative estimate, allowing 28 per cent. of the 37 gained to improved methods of manufacture, leaves

a saving of 9 per cent., plus the increased wages, or 12 per cent. cheaper labor cost to be attributed to profit sharing. Some of these improved methods, such as those in soap-cutting machinery are due to the interest of the workmen, who are concerned about the character of the goods made and the reputation of the company. With such workmen there is, of course, a saving in oversight. The saving in material is also sure, though difficult to determine exactly. Scraps and small pieces of soap used to fall upon the floor and accumulate so that it had to be worked over every two or three weeks ; now, this is necessary only once in three or four months. There is a "general air of tidiness and cleanliness about the factories." The saving, under profit sharing, to the company "is largely in excess of the sum paid to wage-earners as profits ;" the plan has exceeded their expectations : "profit sharing," says one member, "has proved to be good for both employer and employee." The patience of the company, in educating their employees up to appreciation of the plan, has had its just reward. The first two years brought no equivalent returns for the bonus, but Procter and Gamble believed that the plan would be advantageous from a money point of view ; and, with all their kindness, which is manifest from this account, they have been justified in this belief. The company understand the logic of profit sharing and have never supposed they would have a claim on the workmen in case of losses to which they contributed in no degree. The moral benefits to the employees are very recognizable. Profit sharing at Ivorydale has been a school of thrift and carefulness.

THE SOUTH METROPOLITAN GAS COMPANY.

In one respect the profit-sharing scheme of the South Metropolitan Gas Company of London is unique, for it has on its board of directors two workmen shareholders elected by their fellows. The company has a capital of £7,000,000; its annual receipts are about one tenth of this amount, and it employs nearly 3,000 men; it is said to supply some 88,000 workmen's houses with gas through metres worked on the penny-in-the-slot system. The present manager, Mr. George Livesey, and his father, Mr. Thomas Livesey, who was his predecessor in office, have labored consistently and persistently to improve the condition of the employees. A quarter of a century ago the company gave the men a week's holiday, annually, with pay: a few years later this was doubled, to employees of three years' standing. An aid fund and a superannuation fund are due to Mr. T. Livesey's initiative. Twelve shillings a week benefit and medical attendance are given in sickness for thirteen weeks: in case of need, the term is extended another three months. The disabled workmen receive pensions varying from ten to sixteen shillings a week, according to length of service. Each employee must contribute three pence a week to each of these funds, and the company makes a heavy contribution. "The company was active in the abolition of Sunday day-labor in gas works, and gave its men this exemption without solicitation from them." The eight-hour day was granted in 1889, with an increase of wages estimated at twenty-five per cent.

The dividends of the company were determined by



Parliament in 1876 on a sliding-scale basis. The standard price of gas is taken as 3s. 6d. per thousand feet; and the standard dividend is four per cent. For every reduction of one penny in the price of gas, the company may increase its dividend one quarter of one per cent. Mr. George Livesey wished to include the workmen's wages in this scheme, but was not able to carry out his plan. In 1886 a profit-sharing system was adopted, to take in the officers and the foremen, and in 1889 it was extended to the workmen. For every penny gained in the reduction of the price of gas below 2s. 8d. per thousand feet, a bonus of one per cent. on wages and salaries was to be paid. Four per cent. interest would be paid to workmen leaving their bonus on deposit; the scheme was dated back three years, to the benefit of nearly all the men. "This 'nest-egg' was equal to eight per cent. on the year's wages of those who had been with the company three years. This sum was to remain at interest for three or five years." The men were required to sign an agreement to serve twelve months; in order to prevent their leaving together, the agreements were variously dated.<sup>1</sup>

These favors to the men were won by Mr. Livesey from the directors largely because of the formation of the Gas Workers' Union, in 1889, under the inspiration of the successful dock strike. The gas workers' strike, December 13, 1889, to February 4, 1890, though unsuccessful, was followed by threats which caused Mr. Livesey to make non-membership in the

<sup>1</sup> The Conspiracy and Protection of Property Act of 1875 punishes with fine or imprisonment persons employed in gas works who break a contract of service under certain circumstances.

Gas Workers' Union or the Coal Porters' Union a condition of profit sharing. In 1892 Mr. Livesey said before the Royal Labor Commission that membership in the union by his men "was being winked at as long as the members kept quiet." Mr. Livesey is also the manager of the Crystal Palace Gas Company, which is under a sliding scale for dividends, prices and wages. "Almost the only difference between this plan and that of the South Metropolitan Company is that no trades-union is in any way prohibited by it." Mr. Livesey's opposition to the unions, which is the ground of considerable distrust of his plan on the part of many, thus seems to be much less pronounced than has been imagined.

In 1889 and 1890 the bonus to the workmen was 5 per cent.; then, with a rise in coal, the bonus fell to 3 per cent.; then it rose to 4 and 5 per cent.; in 1895 it was 6 per cent., and in 1896 and 1897 it was  $7\frac{1}{2}$  per cent. An annual bonus festival is held in August. The company began a system in 1889 of buying stock to be sold in small pieces to employees and consumers; in four years the employees had invested over £4,000 in £5 shares, which the company enabled them to procure at less than the market price at the time of transfer, as the stock was rising.

In 1894 another step was taken toward copartnership, as Mr. Livesey believes that "while simple profit sharing is good as far as it goes, it does not go very far. It creates an interest beyond their wages, in the workers in the business by which they live, and promotes a feeling of good-will between employers and employed, but as to doing the latter permanent good I am doubtful, unless means are adopted to induce them

to save their annual bonus." Accordingly, in 1894, the directors offered to increase the annual bonus fifty per cent. on condition that one half of it should be invested in ordinary stock. In the next twelve months eighty-five per cent. of the men accepted the offer, and after a time all of them. The investments in stock have risen from £5,000 in 1894, to £80,000 in 1899, and there are also £30,000 on deposit.

The more than 2,800 workmen shareholders (the other stockholders number 6,780), may be sharply divided into two classes. The men who never have saved anything and do not save voluntarily, number about 1,500, — 55 per cent. of the whole number. They own simply the compulsory amount, which at the close of 1898 averaged £6 of stock, valued at £8, — a total of £12,000. The other 1,300 men, — 45 per cent. of the whole — are the thrifty ones, who have made voluntary savings in addition to the compulsory; their average holding is about £50, the total being £68,000. If one excludes the salaried officers from the calculation, the average remains substantially the same.

To the final step on his programme — the workmen directors — Mr. Livesey found it very difficult to win the assent of the board of directors, and at last he made this change a condition of his remaining with the company. An act of Parliament was procured to the effect that the workingmen must hold £40,000 of stock before three wage-earning workmen directors could be chosen, and the act, as later amended, made it necessary for the workman director to have been seven years in service, and to be the holder of £100 of stock. In 1898 the necessary

amount of stock had been acquired, and there were forty-eight wage-earning employees qualified. Out of the six "stations" of the company, one had no man qualified; at another only one of the two qualified would stand as a candidate; at another only one of six; at another none out of the seven qualified; at another only one out of fourteen. At Old Kent Road, the principal station, there were nine candidates out of nineteen qualified, and a preliminary election was necessary to select one. One of the best men was chosen. There were thus four candidates at the final voting, on October 28, 1898, for the two places to be filled; the employees on the staff had decided to take no action toward electing the director to whom they were entitled of the three. Each voter had one vote for every £10 of stock up to £100; then one vote for every £25 up to £300; after that one vote for every £50 up to £1,000, and no more. Two excellent men were elected;<sup>1</sup> they took their seats November 2, 1898, and they have since shown no sign of an inclination to take a narrow view of their duties, but have always had the interests of the whole company before them.

"The workman director is an experiment, limited at first to three years," but the nine years' experience of the company with the profit-sharing committee, half of whom have been the eighteen workmen elected by the profit-sharing employees, is very encouraging for success. This committee is large, one third retire every year, and other questions than profit sharing relating to the workmen are referred to it; but "it

<sup>1</sup> Workers were heard to say before the election that they did not want on the Board as their representatives "any chattering workman."

has worked most satisfactorily, without a hitch of any kind." Individual grievances are usually settled before reaching the full committee, which deals with general questions mainly, such as affect the sick and burial, superannuation, and widows' and orphans' funds, and concessions to all the workmen, such as the supply of gas at cost (which was granted) and holidays. "I have presided at every meeting," said Mr. Livesey three years ago, "and we have never had a division of opinion; certainly, if I found the men anything like unanimously held a particular view, it would be accepted, unless it was quite impossible. . . . Profit sharing has proved most satisfactory. The men, generally, do their work cheerfully, and in a happy, contented spirit, which alone is worth, in improved working, all the profit sharing costs the company. Individually, many of the workmen show a decided interest in the company by suggesting various economies and improvements, and the number who take this interest is growing. . . . The coal men who fire the coals are more careful with their tools. . . . In the retort house, if they see the coals spilt, they say, '*That will not do; that will go against our profit sharing.*' . . . Unquestionably the system of which the joint committee forms an essential part has promoted harmony and good feeling between employers and employed. There has not been a single dispute of any kind since the system was inaugurated in 1889, except the great strike of 1889. . . . As to the idea of a strike, whenever the word has been named, every man says, 'We shall never have another;' they simply laugh at the idea. I state unhesitatingly that the company is recouped the whole of the

amounts — some £40,000 — paid on bonus since the system was started. Of course, I do not say that all the men are influenced as above stated in the direction of studying the company's interest; but many are, the numbers are growing, and the system is proving an effective means of educating the workman in industrial economics." It is not strange that the Duke of Devonshire, addressing the employees, at the fifth annual profit-sharing festival, with their wives and children, commended this instance of "the combination of capital and labor," and hoped that others would imitate the example set them by the South Metropolitan Gas Company.

Mr. Livesey is firmly of the faith that copartnership is "the direction which promises the most satisfactory results. I believe that what is wanted to secure industrial peace is partnership — the more complete the better — partnership in profits, in capital, in responsibility. It will take time and patience and earnest work to bring it about, but the result will be worth all that it costs."<sup>1</sup>

#### THE NELSON MANUFACTURING COMPANY AND LECLAIRE, ILLINOIS.

The profit-sharing enterprise begun by Mr. N. O. Nelson, of St. Louis, Mo., in 1886, was fully described in my "Profit Sharing" (1889, pp. 305–308). Since 1889 the company has developed the scheme considerably in the direction of productive coöpera-

<sup>1</sup> Some of the quotations in this account of the South Metropolitan Gas Company are from a recent communication from Mr. Livesey; others are from the tenth chapter of Mr. Henry D. Lloyd's valuable work, *Labor Copartnership*, from which I have taken numerous particulars.

tion, and the success which has attended its efforts places its system at the head of American instances of participation, and entitles Mr. Nelson to mention in connection with the honored names of Leclaire, Laroche-Joubert, Boucicaut and Godin. He is a strong believer in a natural and inevitable evolution of profit sharing into coöperation in its fullest sense. A description, in some detail, of the manufacturing village which the Nelson Company is building up, as a suburb of Edwardsville, Ill., eighteen miles northeast of St. Louis, will, therefore, have interest for the students of participation and coöperation alike.

Edwardsville is a "city" of some five thousand souls, which one reaches from Chicago after a ride of seven hours through the wonderful maize region of the fertile State of Illinois. It has ample railroad accommodations from four lines for its coal mines, brick yards and manufactories. Adjoining one of its stations, the Nelson Company acquired, in 1890, one hundred and twenty-five acres of farm land for the new industrial village, to which it gave the name of the "father of profit sharing." It now has in operation six factories of brick, one story only in height, and ranging in size from 50 × 60 feet to 80 × 160 feet. The principles of safe construction against fire laid down by Mr. Edward Atkinson, the noted publicist, have been fully complied with. Well ventilated, spacious, communicating easily with each other, all on one floor level, heated by steam, lighted by electricity, and protected by automatic sprinklers, these plain, unpretentious buildings furnish the maximum of healthfulness, safety and convenience. The plant comprises a boiler-house, a cabinet factory, a planing mill, a brass factory,

marble works, and bicycle and machinery shops. Here the company manufactures the entire equipment of a modern bathroom in marble and metal, and other plumbers' supplies, wood mantels, various brass, iron and lead fixtures and piping, the marble apparatus for halls, vestibules and floors in houses, and, most recently, a high grade bicycle, the "Leclair." The industries still carried on in St. Louis will gradually be transferred to the new site, while the commercial and strictly jobbing departments will remain in town.

The working force at Leclair and in St. Louis consists of some four hundred men, women and boys, — manual workers, clerks, typewriters, foremen and managers. In both places the intelligence, alertness, competence and contentedness of the employees are conspicuous. All may be partners in the profits of the enterprise in which they are common workers. The majority of the four hundred are also stockholders, and draw a dividend upon their shares as well as upon their year's wages. The usual bonus has been paid entirely in stock since 1890; whenever an employee leaves the company, his stock is redeemed at par. Profit sharing has been in force since 1886, and the ten years following made this showing: In 1886 the bonus to labor was 5 per cent. on wages; in 1887, 10 per cent.; in 1888, 8 per cent.; in 1889, 10 per cent.; in 1890, 10 per cent.; in 1891, 7 per cent.; in 1892, 4 per cent.; in 1893, nothing; in 1894, 5 per cent.; in 1895, 5 per cent.; in 1896, nothing.<sup>1</sup>

<sup>1</sup> One of the employees, to be chosen by the men, could examine the closing of the books of the company at the end of the year; as the men never cared to avail themselves of this privilege, having entire confidence in the accounting employees, the provision was dropped after the first seven years.



The average annual dividend of the employee was thus 6.4 per cent. for the first ten years. Since 1892 double the rate has been given to wages that capital receives (above 6 per cent. interest) from the net profits. Ten per cent. of these profits is set aside for a reserve fund.

The company pays out the sum needed in cases of sickness and disability, as each case arises, and charges the amount to running expenses; the allowance varies from \$5 to \$1 a week during disability. For funeral expenses \$40 are allowed, if needed. The family of a deceased employee receives aid to an extent not exceeding two thirds of his wages, until self-support is feasible. Up to July, 1896, some \$10,000 had been paid out for these various provident purposes.

About one hundred and ten acres of the company's land are separated by a high Osage orange hedge from the fifteen acres occupied by the factories. Entering this rural reservation, we notice at once the excellent cinder-roads, the large cultivated plot on the left, the schoolhouse in front, and, beyond, the neat and commodious houses (some thirty in number) of the workmen. The company does not wish to be a permanent landlord, although it owns and rents some houses out of the thirty now built. It will agree with the worker on a plan of the desired house, and then erect it for him, at a price equal to the usual cost of labor and material, on easy terms of payment: the company now prefers to have the employees build with the help of building associations. The price for the land is four dollars per front foot, including improvements. In return for this payment, the company bears the entire expense of supplying each house with water,

grading and paving the street, building and maintaining the sidewalk and fencing, and setting out trees. Electric light is furnished to each householder for twenty-five cents per month for each light. The care and lighting of the streets are an affair of the company. The purchaser of a house receives a deed and gives a mortgage, on which he pays from twelve to twenty dollars a month, until its full discharge. There has been no instance of failure to pay these installments.<sup>1</sup> The company employs a gardener (one of the workmen) who cares for the streets and the public grounds; from the hothouse under his management some thousands of plants are procured each year for public and private uses. The grounds about the schoolhouse and the dwellings attest a general love of the beautiful; flower-beds, trees and ornamental shrubs abound.<sup>2</sup>

A fundamental idea of the Nelson Company is the union of industrial training with education from books. It supports a school system under the charge of Mr. E. N. Plank as principal, with two women teachers in the kindergarten and primary departments. The cultivation of the small-fruits and vegetable field gives the children a knowledge of agriculture and horticulture. At the age of twelve each boy pupil in the

<sup>1</sup> If an employee wishes to leave Leclaire, or to dispose of his home for any other reason, the company takes the house and pays back all that has been advanced on it, charging rent for the time the dwelling was occupied. A club-house accommodates those unmarried men employed at Leclaire who are not otherwise provided for.

<sup>2</sup> The plan of the founders of Leclaire is to unite the advantages of a large manufacturing plant and city conveniences with the freedom and economy of country life. All who wish can easily raise their own vegetables and keep their own cow and poultry: all can eat their three meals at home.

school works one hour a day in the factories or on the farm. As his years increase, his work hours also increase, until at graduation, when he is about eighteen, he will be working half time. He will then have acquired a trade, and a full job at full pay will await him. He would, in the mean time, have received pay for the actual value of his work. The schoolhouse contains an excellent free library of one thousand books, one hundred of which are usually out at a time.<sup>1</sup> Lectures are given two or three times a month in the winter season, and these are varied by concerts and other entertainments. That musical talent abounds in Leclaire is shown by the fact that an admirable brass band of thirty regular members has been formed from the employees. The leader is employed in the varnishing shop. The company has given the band a fine uniform, and it will advance money for an instrument, in case of need, to be repaid by the player.

The coöperative store, conducted entirely by the members (fifty in number in June, 1896), was located in the lower story of a building (the band having their quarters above) provided by the company. The capital was in fifty-dollar shares, only one share to each member being allowed, with the one vote attached to it: the member could acquire his share by weekly installments of fifty cents if he wished. The sound business principles of the best coöperative stores of

<sup>1</sup> In the schoolhouse a fine bust of Edme-Jean Leclaire is conspicuous; it was presented to the new village by the Maison Leclaire of Paris, after the close of the Exposition at Chicago in 1893. On a stand in another room is framed the address of congratulation sent by the workmen of the Parisian house to their American compeers, and signed by nine hundred of them.

England governed this Leclaire establishment. All purchases were for cash only; the usual retail price was charged, and the net profit was returned to the buyer as a percentage on his purchases. For some years the store paid six per cent. interest on its capital, and an average dividend of fifteen per cent. on purchases. The mistake was afterwards made of enlarging unduly the scope of the business. This plan resulting in loss, the members wisely returned to the former limits and regularly received ten per cent. on purchases. The store, Mr. Nelson writes me, was afterwards discontinued, "mainly because we were so close to Edwardsville, which was full of stores, and there were not quite enough of us to make it interesting." The adjoining coal mine sells bituminous coal to the company for one dollar a car-load for slack coal, its almost exclusive fuel; employees pay \$1.25 a ton.

While the Nelson Company exhibits in many directions the most friendly spirit toward its employees, it carefully avoids paternalism and the consequent weakening of the workman's independence and self-respect. It makes no conditions as to length of service qualifying a man to become a sharer in profits; he can belong to a trade-union or not, at his pleasure; he can leave the concern when he likes, without loss. The only condition imposed upon the employee who shares in the profits is that, if he is working full time on full pay, he shall save ten per cent. of his wages and invest the sum in the stock of the company. He can live in Leclaire, or not, as he wills: we have noted the freedom he enjoys if he chooses to live there, a freedom in striking contrast with the state of subordi-

nation of a dweller in Pullman. There is no liquor saloon in Leclaire, though one or two are, unfortunately, too near at hand over the Edwardsville line; and thus far there has been no need of a police force. The village is not subject to the authorities of Edwardsville, but to those of the larger "township." The library and the school are open to the residents of Edwardsville, and outsiders are welcomed as house-builders.

The good feeling and good sense prevailing among the employees of the Nelson Company, after years of profit sharing had done their natural work of education, were forcibly shown in the hard times of 1893. In July of that year the management were obliged to reduce wages one fourth. Reductions of the workman's income are common in times of commercial distress. True to its principles, the Nelson Company took the much more unusual course of reducing salaries and interest in the same proportion as wages. The one fourth thus deducted from wages, salaries and interest was to be made good out of subsequent profits before any bonus should be paid. The employees of the firm, seeing the obvious fairness and the plain necessity of this arrangement, ratified it cordially. Such was the good fortune of the company that it was soon able, only three months later, to resume full pay, and at the end of the year the amount deducted for the third quarter was made up to all the parties concerned; there was, of course, no bonus to divide. This event may well be reckoned, as Mr. Nelson says, "another victory for profit sharing."

Mr. Nelson, who now resides at Leclaire, has taken a decisive step in that advance from profit sharing to

coöperative production which he believes logical and desirable. One of the factories at Leclaire, the cabinet-making shop, is now on the way to become the sole property of the workers in it. On December 1, 1895, the company proposed that the employees in this department, "the oldest at Leclaire, should become the owners of the plant and working capital at its first cost by contributing, at the start, one fourth of their wages, when working full time, the proportion to decrease at double the rate at which they should decrease the purchase price; that they should pay the company six per cent. interest on the investment, and have all the profits; that they should organize as a coöperative concern as soon as one tenth of the purchase price was paid off; that the company should have control, but without any charge for business management, until they had paid off one half. The company estimate that, at the end of the first year, there would be a reduction from wages of about one eighth and at the end of the second year of nothing; and that the whole sum would be paid in about six or eight years." Some peculiar circumstances led to a rejection by the men of this generous proposition, and it was withdrawn. The objections made were to the immediate loss in wages and to the idea of "going alone." What the newspapers inaccurately termed a "strike" occurred. "A good part of the force went right along and never stopped; but there was enough mischief in some [new-comers, mostly] to create actual trouble, which it was not well to risk. The proposal was immediately called off, and the work went on in the usual way." Not long afterwards, the men voluntarily requested the company to renew the proposal,

somewhat modified ; it did so, and the proposal was accepted by the workers in the cabinet factory, which is now on the highroad to coöperative production, pure and simple.<sup>1</sup> It is the intention of the company to make a similar proposal to the men in the other factories, in turn, whenever they manifest a desire to fall in with it, without waiting for a number of years to show the results reached by the cabinet workers. The company considers the risks of failure to be very small after the ten years' experience in profit sharing which this factory had ; this has given the men a larger self-reliance and a better knowledge of business than are possessed by the ordinary workman.

As the first instance in America of a profit sharing firm transforming itself gradually into a coöperative productive establishment, the Leclaire works have a new claim upon the interest and sympathy of all who have observed the brilliant record of the Nelson Company for the last dozen years.<sup>2</sup> If successful in the new venture, as they seem likely to be, they will, it is to be hoped, find numerous imitators among large

<sup>1</sup> The spirit of these workmen is shown by the fact that, on a visit to Leclaire, in 1896, the writer found a force employed on night work, in addition to the full day force, a step taken purely of their own volition, as they now control all such matters. After trying a day of nine hours for several years, the whole Nelson force went back voluntarily to ten hours. The company believes that "the hourly return for nine hours is greater than the hourly return for ten, but that in the aggregate more work will be done in ten hours than in nine." It is the intention to go back to nine hours and to reduce these to eight, in time.

<sup>2</sup> For further particulars the reader may consult *Employer and Employed* for October, 1893 ("A Visit to Leclaire," by the noted philanthropist, Edward Everett Hale), and January, 1894 ("Through Profit Sharing to Coöperation," by Mr. Nelson) ; and *The Forum* for March, 1895 ("Two Examples of Successful Profit Sharing," by Professor F. W. Blackmar).

manufacturers who desire, naturally enough, to let others do the difficult work of experimenting, but will be ready to follow after an assured and confirmed success.



## CHAPTER X

### PROFIT SHARING TO-DAY

IN the following pages I seek to present briefly some of the more important particulars in the history of the profit-sharing movement since 1889.<sup>1</sup> The argument for such a modification of the common wages system I have presented in full before and need not repeat. The matter that here concerns us is the record of the last ten years, and its bearing upon the movement and the claims of its advocates. This period has been, for the most part, and especially in the United States of America, marked by a long business depression.

For the larger part of the years 1889-1899, particularly from 1893 to 1897, the difficulty has been, as many have said, not how to share profits, but how to avoid serious losses. The question of dividing the profits could not, therefore, be voted "urgent," and it has seemed, in the eyes of men of business, to lack actuality. The advocate of the system, indeed, might pleasantly contrast the demand for propaganda laid upon him by it in good times with the quiescence that must then fall, in considerable degree at least, upon other reformers, who perchance maintain that

<sup>1</sup> I have embodied the substance of the information given in 1893 in pp. 300-307 of *Socialism and the American Spirit*, so as to make the present chapter complete in itself, as a supplement to the extended treatment in *Profit Sharing*. The chief literature of the subject, since 1889, will be found in the bibliography.

society is going to ruin because of neglecting their favorite panaceas. In hard times they flourish, so to speak, on the general misfortune, and preach their social doctrines, however wise or unwise, with fresh zeal and courage. But with the champion of profit sharing it is not so. In times when no profits are made he feels no call to belabor employers because they do not divide their gains with the employees. He does not care to sow his seed on the rock, as the hymn-writer advises, quite contrary to the implication of the parable of Jesus! His counsel revives, however, in the day when prosperity returns, as it is sure to do after the longest depression.

It is not at all strange, on the contrary it is the thing naturally to be expected, if numerous ventures in profit sharing, just begun or not well established, should come to an early end in the days of panic or the years of slow and almost imperceptible recovery from it. Profit sharing, evidently, is no guarantee against commercial crises and hard times, however much moral aid may be drawn from it at such times in factories where it has had a long and successful experience. We should be prepared for a considerable falling off in the number of American cases of profit sharing, at least, a decline which the subsequent prosperity of the last two or three years has not yet offset.

In France there has been a very gradual increase in the number of firms giving a share of the profits to the workman since 1889. The latest figures give the number of such cases as 109. Probably this should be somewhat diminished by the omission of a number of cases in which the system has lapsed, but nothing

has been said about the change in print.<sup>1</sup> On the other hand, not a few of the Sociétés Coöperatives de Consommation are quite faithful to the coöperative principle in that they give a share in the profits to their workers as well as to the shareholder and the consumer. The four most noted profit-sharing houses in France of long date — the Maison Leclaire, the Laroche-Joubert paper works at Angoulême, the Godin foundries at Guise, and the Bon Marché at Paris — are, in different degrees, fitly styled coöperative establishments. As they reached this position by a different course from that usually followed by coöperative productive houses, they apply the coöperative principle under a somewhat different form. The features of difference — for instance, the larger measure of control given to the managing partners, (who have been selected, in true coöperative fashion, by the body of *employés*) — are such as to give these French houses a coherence and efficiency not often seen in houses that profess the coöperative faith. A strong argument can be made for profit sharing as a training school for complete coöperative production; the four establishments just named have shown how desirable and how feasible it is as a transition method.<sup>2</sup>

The Maison Leclaire at Paris continues on its way with unabated success; under the firm-name, Redouly et Cie, the partners are M. Redouly (since 1872) and MM. Valmé and Beudin (since the death of M. Marquot in 1890). With the choice of these two later

<sup>1</sup> See the note on the French list in Appendix II.

<sup>2</sup> See on this subject the instructive work by Ugo Rabbeno, *Le Società Coöperative di Produzione. Parte III.*, "La Partecipazione al Profitto come Mezzo di Transizione," pp. 387-419. Milano, 1889.

partners the capital of the house was doubled; it is now 800,000 fr. A street in Paris has been named after M. Leclaire, and his statue stands in the Square des Épinettes near by.

The president of the board of managers of the *Papeterie Coöperative* of Angoulême is now M. Edgard Laroche-Joubert, the son of the founder. Out of a capital of 4,570,000 fr. the workmen and *employés* in service in 1896 held 938,000 fr., while those passed out of service held 896,000 fr., a total of 1,834,000 fr.; in the same year 633 depositors in the savings fund had 228,691 fr. to their credit.

The business of the Godin foundries, now Colin et Cie, at Guise, had so increased that there were, in 1893-94, 1,014 participants (of the three grades) against 793 in 1887. The business of the year was 4,014,000 fr., and the net profit 262,851 fr., about three fourths of which went to the workmen. The plant was valued at 11,235,663 fr.

The firm name of the Bon Marché is now Morin, Fillot, Ricois et Cie. The 400 shares (divisible into eight parts) of 50,000 francs each (less than one sixth of their market value), were held in 1896 by some 500 employees, past and present, from the shop-boys up to the managing partners. The numerous institutions for the care and relief of the army of employees are fitly styled "models" by a recent writer; he applies the same adjective to the whole establishment.<sup>1</sup>

<sup>1</sup> *Le Mécanisme de la Vie Moderne*, par le Vicomte G. D'Avenel, ch. i. §§ 2 and 8. Paris, 1896. "After the example of the Bon Marché," he says elsewhere, "M. Jaluzot has conceived the praiseworthy idea of transferring to his employees, gradually, the ownership of Le Printemps [another department store]; but, as the chances of surplus value appear less than in the establishment on the Rue du

The French Participation Society has suffered heavy losses in recent years in the death of M. Albans Chaix and M. le Comte de Chambrun,<sup>1</sup> and, most of all, in the decease of M. Charles Robert, its accomplished and indefatigable president, on July 24, 1899. M. Robert was the most distinguished advocate of profit sharing in France; he devoted great abilities and a great character to the cause of coöperation in all its forms.

On the Continent outside of France there are still comparatively few cases of profit sharing in any one country; they are proportionately more numerous in Switzerland than elsewhere. This little country presents fourteen instances; Germany, forty-seven; Austria-Hungary, five; Belgium, six; Holland, seven; Italy, eight; and there are scattering examples in Spain, Portugal, Scandinavia and Russia—nine in all.<sup>2</sup> The yearly contribution of the mine owners of Belgium, which has been described in chapter vi., is, like the practice of French collieries, a very considerable instance of indirect profit sharing on a large scale. All over those parts of the Continent, in fact, where

Bac, he has had to require each member of his force to purchase a certain number of shares according to his grade, from twenty-five for the chiefs of departments to one for simple clerks. These figures being only the obligatory *minima*, there are now seventy-five employees who hold more than ten shares, and take part in the general assembly of the stockholders" (*ibid.* p. 38).

<sup>1</sup> The Comte de Chambrun instituted a prize competition in 1895 for the best essay on profit sharing; this resulted in the publication of the four volumes by MM. Waxweiler, Vanlaer, Bureau and Merlin, named in the bibliography in Appendix IV.

<sup>2</sup> M. le Comte Auguste Ciezskowski of Posen practiced a scheme of profit sharing in agriculture fifty-three years ago. Lord Wallscourt and M. J. L. Legrand (Ban de la Roche) were two other pioneers of the system. See the note at the end of Appendix II.

patronal institutions abound, the general principle is recognized by many employers that the enjoyment of a portion of the profits properly falls to the work-people. The form which the distribution takes is, as we have seen, indirect and collective, in the support of institutions for the whole force of a factory. While the convinced advocate of profit sharing will naturally welcome an increase in the number of firms which give an annual bonus directly and explicitly to the individual worker, he will recognize that this is a forward step which many will hesitate to take for various reasons; and that the main matter is that welfare-institutions of all kinds shall be multiplied first, as the best preparation for later developments. When profit sharing proper is reached, these antecedent institutions should not be discontinued. They may be sufficiently endowed so as to need but slight annual contributions from the firm or the employees or both. The conduct of them should be devolved upon the workmen themselves so far as possible. The kindly interest of the employer should never become so "paternal" as to weaken the power of association and self-help among his employees.

Profit sharing, as M. Maurice Vanlaer says, "is one form of *patronage* [in the good sense of the word, meaning the employer's active good-will]; it is not always the best. . . . Whenever the employer wishes to create permanent institutions in his establishment, he will act more wisely in levying upon *general expenses* the sum needed for their support than in allotting them a share of the profits, which may fail to come." <sup>1</sup> The question that interests the lover of his

<sup>1</sup> *La Participation aux Bénéfices*, p. 273. Paris, 1898.

kind in this direction is, then, to find how many employers are adopting welfare-institutions in general, rather than how many are dividing profits with their workmen in a formal and explicit fashion. Profit sharing proper may come, and it may well come, as a later measure when the other institutions have been solidly established, as at the great works of Naeyer et Cie at Willebroeck and Grainheim in Belgium (with branches at Prouvy, Nord, and Renteria in Spain). Its 2,000 workmen manufacture boilers, ice machines, paper, and *pâtes à papier*. For a long time the firm provided for them many patronal institutions, including remarkably easy provisions for obtaining homes of their own, of which several hundred have thus been acquired. In 1891 profit sharing was introduced, without detriment to existing institutions. Workers of five years' standing were to share twenty-five per cent. of the net profits, the shares being graded according to seniority. These sums are credited to individual accounts, and at the end of ten years they are paid, in shares or in cash, as the company may decide.

A manufacturer, again, who has made his fortune, may wish to continue his business simply for the benefit of his workpeople. He can then do as M. Molijn, a prosperous manufacturer of Rotterdam, has done. He has established a corporation *De Veluwe* for the manufacture of Japan varnish, dyes, and various mechanical and horticultural products at Nunspeet in Gelderland, Holland. Wishing to give his employees all the advantages of modern civilization, he has provided for wholesome dwellings, baths, food prepared in a central kitchen and bakery, a steam laundry, and

electric light; a club-house, aid in sickness, retiring pensions, and other desirable institutions are also provided for, out of sixty per cent. of the profits, after four cent. interest has been allowed to capital. The remaining forty per cent. is paid out in shares of two hundred francs, so that the employees will in time become full proprietors. M. Molijn's system pays all the workers, male and female, the same wages — a somewhat doubtful measure.

The *Pia Azienda Tessile* of Como, Italy, is a unique philanthropic institution for giving work to silk weavers out of employment. Its donated capital draws no interest. The workmen weave the silk at home, and are paid wages slightly below those current in the labor market. Each half year they further receive 50 per cent. of the profits; a reserve fund gets 10 per cent., and the director 20 per cent. In 1872 the capital was 40,000 fr., and the yearly business more than 150,000 fr.; more than 100 workers received in wages 37,272 fr.

Of two instances of profit-sharing in Spain, one, the *Royal Tapestry Factory* of Madrid, founded by Vanderghotten in 1791, is probably still in operation; the other, the *General Tobacco Company for the Philippines*, of Barcelona, has, very probably, succumbed to the fortunes of war. In Portugal the tobacco industry furnishes the one example of participation. The law of May 22, 1888, abolished free competition in this manufacture and established a government monopoly. The five or six thousand workpeople employed in the business (about one half are women) were among the most miserable of Portuguese operatives. They numbered from a quarter to a third more than enough to supply the market; frequent stoppages of work and reductions of the piece-wages were the natural result. The law of 1888 guaranteed steady employment for eight hours a day at the existing rate of wages;



relief in case of sickness and disability ; a retiring fund, supported by an annual gift of twenty *contos de reis* (about \$22,000), which secured a minimum allowance of 8 fr. 30 c. a week ; crèches and schools in the workshops, supported by the State and the employees jointly ; and a share in the profits. In the four factories at Lisbon and Oporto, the entire force was to receive from the excess of profits over \$3,850,000, 5 per cent. ; of this sum 74 per cent. was to go to the workpeople, 16 to the administrative force, and 10 to the directors. In 1891 the manufacture was conceded to a society, which was bound by its contract to maintain the bonus system ; after 5,150 *contos de reis* had been set aside for fixed charges, 5 per cent. of the profits, above 4,900 *contos*, go to the workpeople, and 1 per cent. to the *employés*. Other stipulations are made in favor of the wage-earners. The result of these arrangements has been great harmony and comfort among them.

The latest figures concerning profit sharing in the British Empire give ninety-four firms, employing from 50,647 to 53,010 persons, according to the season and variations of trade. Details were available concerning the size of the bonus paid in 1898 for seventy-five cases. Excluding seventeen cases, in which no bonus was paid, that allotted in fifty-eight cases was at the average rate of 11.8 per cent.<sup>1</sup> The now considerable number of firms which have prac-

<sup>1</sup> See the *Labour Gazette* for August, 1899. Mr. David F. Schloss has written the first "history of British profit sharing" in Part IV. of his extremely valuable *Report on Profit Sharing* (Eyre and Spottiswoode, 10*d.*) made to the British Board of Trade (Labour Department), and dated March 31, 1894. This report devotes from half a dozen lines to several pages to each instance. In the *Labour Gazette* for each year since 1894, the statistics of British profit sharing have been given, supplementing the *Report*. Mr. Schloss has named the years 1865-67, 1872, 1886-88, and 1894 as showing a noteworthy number of new cases of profit sharing, while in 1889-92 the large number of seventy-nine new attempts were made.

ticed profit sharing for years with good results are reinforced by the favorable opinions of economists like Professors Alfred Marshall and J. S. Nicholson, of statesmen like Gladstone and Mr. James Bryce, and the active good-will of noblemen like the Marquis of Ripon and Earl Grey.

The trial of profit sharing by an English firm for the longest time has been made by Fox Brothers, woolen manufacturers, Wellington, Somerset. They had for some years given to their managers, foremen and clerks a bonus based on profits and on value of service, and in 1866 they added a deposit plan. Any one of the workpeople making a deposit with the firm receives interest varying from four and one half per cent. as a minimum to ten per cent. as a maximum, "in accordance with a certain fixed scale based on profits." The whole number of employees is about 1,100, women being somewhat in the majority; the depositors numbered, in 1894, 125 men and 24 women. Mr. J. H. Fox, of the firm, read a paper before the Social Science Association in 1881 giving a favorable but not enthusiastic account of their experience, and his opinion "has in no respect changed since then."

Messrs. Ross and Duncan, engineers and boiler-makers, Glasgow, are the only firm that is on record as having resumed profit sharing after once abandoning it. The system was introduced in May, 1887: one bonus was distributed the next October, and another a year later. As the workmen, according to the head of the firm, took "no interest in the matter, and, indeed, seemed to be looking upon it with suspicion as disguised selfishness attempting to establish a kind of spy system of some men on others," the firm

discontinued the plan. But it was afterward resumed with better results. A consultative committee of masters and men holds monthly meetings. "The interest and intelligence shown are often very gratifying. . . . We are quite satisfied that our profit-sharing attempts and our conferences with workmen have created a better and more harmonious spirit throughout our works."

The coöperative society at Huddersfield, which succeeded, under the same name, to Wm. Thomson and Sons, in 1886, has had ten years of general prosperity<sup>1</sup> since it was described in "Profit Sharing between Employer and Employee" (pp. 292-295). This last year was one of loss though not large: the society was unable to pay interest on share capital without drawing on the reserve fund. The workers (on fixed weekly wages — forty-eight hours a week) are all partners in the enterprise; they offered to pay half this interest from their own pockets, so that only one half was taken from the reserve. The abolition of individual piece-work has increased the coöperative spirit greatly; if the operatives had been "turned into the street when there was no work, instead of a loss, there would have been a profit;" but a coöperative body, of course, could not do this. An assurance and pension fund, for the relief of those incapacitated for

<sup>1</sup> In 1896, for instance, after allowing for depreciation, and paying £617 interest on loan stock, the remaining profit of £2,340 gave £189 to the reserve fund, £363 to the assurance and pension fund, and 5 per cent. on share capital: the balance, £1,347, justified a bonus of 1s. 9d. in the pound on wages, and 1s. in the pound on purchases above £50: a final balance of £54 was carried forward. The Wholesale Society is now sole agent for the concern with English coöperative societies.

work by illness or accident or old age, was established in 1892 with £336 from the profits of the year; three men are now receiving 10s. a week, and two women 7s. a week. The fund was £1,415 19s. 2d. on January 1, 1899. "I hold this new fund," writes Mr. George Thomson, the head of the society, "to be of even greater importance than profit sharing, because it would take a long time to accumulate from profits a sufficient sum to realize an annuity even of 10s. per week." The motto of the Woodhouse mills is "Truth in Industry;" no cotton or shoddy is allowed to be used. The workpeople (all men) have shown great application, they have avoided waste, and they have greatly diminished the cost of superintendence. Their spirit is shown in the fact that one of the weavers, "having invented a great improvement, presented it to the society." The bonus of the employee is applied to the purchase of stock for him up to the legal limit of £200. The experience of this Huddersfield society is of great value, and it offers much encouragement to employers who may wish to turn their establishments into coöperative societies through the instrumentality of profit sharing and welfare-institutions. The rules give the managers great power, but this is modified by the existence of a consulting committee: the coöperative spirit has availed itself of the strength of the vigorous employer.

The principles of profit sharing have made decided progress in the English coöperative movement in the last few years. According to Mr. Schloss ("Methods of Industrial Remuneration," ch. xxiii.) in 1896 bonuses to employees were paid to the amount of £22,525, by 229 coöperative stores. The Irish Dairy-

ing Societies, fifty-six in number, include profit sharing in their rules. Ninety-one productive societies in England and Scotland pay a bonus. Coöperative production has made a remarkable advance in the last ten years in the United Kingdom, and the labor copartnerships are faithful to the interests of the employee as a profit-maker.<sup>1</sup>

In 1889 I gave a list in "Profit Sharing" of twenty-four cases of American firms practicing the system of a "determinate bonus" to labor, and another of ten cases of the "indeterminate bonus." In 1899, six of the twenty-four cases continue in operation, and five out of the ten. To these eleven cases in both species should be added twelve others of later date, making twenty-three cases in 1899 against thirty-four in 1889.<sup>2</sup>

<sup>1</sup> See, especially, Mr. H. D. Lloyd's highly interesting volume, *Labor Copartnership*, founded on a visit to England in 1897. Mr. Lloyd pays due honor to the admirable work of the Labour Association of London.

<sup>2</sup> See the table in Appendix II. The total for Europe and America is 322 cases. Mr. D. F. Schloss, in his *Methods of Industrial Remuneration*, third edition, says (p. 254, note) that "many of the cases mentioned by Mr. Gilman as examples of profit sharing will be seen not to fall within the definition of that method adopted in these pages." Mr. Schloss applies the term profit sharing to those cases only "in which an employer agrees with his employees that they shall receive, in partial remuneration of their labor, and in addition to their ordinary wages, a share, fixed beforehand, in the profits of the undertaking to which the profit-sharing scheme relates" (pp. 247, 248). The note on p. 254 continues by naming, in parentheses, a number of firms lying outside of this definition: but it here names five firms which are included in the indeterminate bonus list, to which the next sentence refers: "All Mr. Gilman's cases of Indeterminate Profit Sharing are also (!) outside our definition." The severity with which Mr. Schloss applies his definition appears in the statement, at the end of this note, that "the Wardwell Needle Co. is improperly placed among the 'Determinates.'" According to the account in *Profit Sharing* (p. 318),

These figures indicate a remarkable mortality among cases of profit sharing in the United States, especially when one adds to the list six or seven other cases at least, in which the plan was adopted and afterward abandoned between 1889 and 1899.<sup>1</sup> How far these numerous apparent failures of the system to sustain itself and bring forth good results, for ten years or more, are due to circumstances, and how far to defects in the system itself, will appear more clearly in Appendix No. III., in which I have carefully examined Mr. Monroe's article and his conclusions; these are based on a misleading use of mere enumeration of cases, which should properly be weighed as well as counted. As has been said, concerning the general situation, it was to be expected in this coun-

this company agreed with its employees "to divide the profits of business equally" — which should appear to be a sufficiently "determinate" proposition! Mr. Schloss names Procter and Gamble and Ara Cushman and Co. as cases not conforming to his definition; but he fails to see that "a share, fixed beforehand, in the profits of the undertaking," is just as much such a share, and just as definite, if the basis of division of the net profits is "the proportion of wages paid to business done" (which was the agreement in these two cases) as if it were the proportion of wages to capital. Since 1890 the Procter and Gamble Company pay the same dividend on wages as on stock, thus removing the last ground for Mr. Schloss' objection. His definition seems to me too rigid for practical purposes. When Mr. J. W. Tufts, of Boston, for instance, gives one per cent. on wages to his employees' mutual aid society, and allows ten per cent. interest on deposits from the men, this is practically profit sharing, though as the gift is collective in the first particular, and takes the form of a premium on thrift in the second, the case might be best styled one of "employers' institutions." I have expressed my agreement, however, with M. Vanlaer that profit sharing proper is itself to be ranked under *patronage*. The question is largely one of mere terminology.

<sup>1</sup> Mr. Paul Monroe, in a valuable article on "Profit Sharing in the United States" (*The American Journal of Sociology* for May, 1896), has given the most detailed statement of recent American experience to be found in print.

try that a number of experiments in profit sharing begun not long before the protracted siege of "hard times" (1893-1897) should come to an end because of inability to earn a bonus and consequent discouragement, while others begun after the crisis had fairly set in should soon be dropped. Too many of the experiments made show a painful lack of seriousness in dealing with a grave matter; in others the trail of the amateur is but too visible. The unwisdom of making an important modification of the wages system with the expectation that in one or two years' time it would, almost automatically, transform a difficult situation is obvious. One of the chief demands of such a system is for a considerable length of time, requisite for the coöperative education of all concerned, — a process for which three or four years, at the lowest, are none too many.

When one reads, then, of American firms which gravely state that they have "tried profit sharing and found it a failure" — after twelve months or even six months only, he does not need to be a thick-and-thin partisan of the system to ask if they consider it a mere toy, and to inquire if they would respect such frivolity in any other direction. That which here deserves respect and careful study is the experience of those American firms which have persevered through the initial difficulties, and have not been dazzled by the early victories of profit sharing. Some of these have reached what seems like permanent success; others, equally persistent (like the Ara Cushman Company), have found circumstances "too many" for them, and have given up the effort, even if still believing in the soundness of the principle. The employer who con-

templates a trial of the plan will not disregard the experience of any other capable and conscientious employer, but he will pay most heed to the record of such firms as the five described in the last chapter.<sup>1</sup>

Concerning three minor American instances, a few particulars may be of interest. The Columbus (Ohio) Gas Company practiced for the ten years 1885-95 the method of dividing equally with its men the saving made in the cost of labor per unit of product; if this, for example, were reduced 5 per cent. in any year, wages would be increased 2.5 per cent. A point having been reached at which further reduction was not possible, the company adopted, in 1895, the plan of paying the employees the same semi-annual dividend on wages as the stockholders receive. The company may pay the dividend in stock (as it wishes to do) until each employee earns at least three shares. More than half of the seventy-five employees, qualified for participation by one year of good service, sold their first stock dividend in 1895. The Columbus Traction Company has paid its first dividend to its employees this year, — one per cent. on wages, the same as was paid to stockholders on their shares.

The Ballard and Ballard Co., a large flour-milling concern of Louisville, Ky., has gradually extended profit

<sup>1</sup> The essential logic of profit sharing has not, of course, been disproved by the abandonment of numerous trials of it in the United States for various reasons in the last ten years. The argument, for instance, based on the saving of what usually goes to waste is just as sound now as when John Marshall of Leeds showed Robert Owen over his mills. Mr. Marshall remarking, "If my people were to be careful and avoid waste, they might save me £4,000 a year," Owen replied, "Well, why don't you give them £2,000 a year to do it, and then you yourself would be the richer by £2,000 a year." The question of favorable or unfavorable circumstances surrounding a particular establishment is another matter. I may be allowed to refer the reader to the closing chapter of *Profit Sharing*, and especially to the cautions addressed to the employer on pp. 436-439.



sharing in the last fifteen years in a manner that commends itself on general principles. It first gave the superintendent five per cent. of the net profits, in addition to salary. A few years afterward it began to divide ten per cent. among the salaried employees. "After certain changes had taken place in our salaried force, a case presented itself where a typewriter who had been with us only three months was participating in the profits, whereas certain laborers who had been with us fifteen years, and in fact ever since we had been in business, were not participating, and this struck us as unjust. We therefore determined to enlarge the list of those who participated in this ten per cent. by including such of our wage-earners as had been with us two years: so that the list was very largely increased, and of course the amount given to the salaried employees was diminished." A day-laborer in these mills begins at \$1.25 per day (the usual rate in the city), and after two years he receives \$2 a day and a share in the profits. He must continue in the service until the Christmas day after the beginning of the company's fiscal year on July 1. "We have found that the laborer who gets \$1.75 per day, as against \$1.50, is apt to consume that extra \$1.50 a week in living expenses, the corner grocery getting practically all of it; whereas, when he is given his money in a lump, frequently amounting to as much as six or eight weeks' wages, he has a sum which is a nest-egg and to which he can add. He can pay off any accumulated doctors' bills, or misfortunes, or he has enough to make a slight investment. This is, to our mind, a much better way than giving a small increase of wages from time to time. The plan has worked admirably; . . . after the lapse of some years . . . we gave each of five trusted employees an additional one per cent. of our net profits," making a total of twenty-one per cent. distributed. The company takes out insurance for its workmen under the Workmen's Collective Policy, without charge to them. It serves a lunch for the office force and certain other employees, which, it finds, tends to fraternal

feeling. The workman can leave his bonus on deposit with the company, if he wishes, at five per cent. interest.<sup>1</sup>

<sup>1</sup> The Yale and Towne system of "gain sharing" has been given up by that company. Mr. Alfred Dolge's fine industrial system of "just distribution of earnings," by means of a large variety of welfare-institutions at Dolgeville, N. Y., came to an end in 1898 through his failure in business.

## CHAPTER XI

### THE REASONABLE WAY

It can hardly be necessary, after detailing the information contained in the eight preceding chapters, to enter upon a labored argument in justification of the employers whose practices I have outlined. Occasionally the opinion of one or another manufacturer, who has tried these novel ways, has been quoted ; but for the most part I have refrained from giving such expressions, preferring to let the facts speak for themselves.<sup>1</sup> If the principles set forth as being "an essential matter" in the industrial world have not now commended themselves to the mind of one who has weighed the facts herein recorded, argument from general considerations would probably fail. If the ideal first set forth for the employer as realizable has not been shown to have been realized here and there among men, the expositor has surely been at fault.

<sup>1</sup> I have also refrained from discussing some points of which an extended treatise on employers' institutions would need to take notice. The question how far wages are high or low in establishments having such institutions, relatively to establishments without them, would need to be investigated minutely. It may safely be taken for granted, however, that wages are at least as high in the great majority of the establishments I have described as the average outside. It is another interesting question at what point the expenditure by the employer of a large collective dividend for his workmen ceases to be more effective for their good, in the support of institutions, than individual shares would be — a question evidently depending for its answer upon the character and intelligence of the employees in each specific case.

Discussions to prove the existence of the self-evident and the value of the self-commending have little charm in a busy world.

A dividend to labor, direct or indirect, has, in fact, plainly proved itself one of Burke's "healing measures," and the proof of its reality and its desirability may be held to have been given. The association for the amelioration of the lot of employers which some one has declared a necessity, might well give precedence to this question on its order of the day. The employer who would proceed with animation but with moderation on the line of practicable advance has now before him the record of the experience of many such men as himself, who have blazed the way for him — yes, have even made a highway in the social wilderness for him. Realizing, from the purely financial standpoint, that the human equipment of a factory is at least as important as the mechanical equipment, these sagacious men have provided for its maintenance at the highest point of efficiency. The employer is "made of social earth" as well as his operatives; and welfare-institutions for their benefit, undertaken merely from long-sighted prudence, can hardly fail to bring him nearer as time goes by to a living sympathy with these men and women of like passions with himself. An employer who concerns himself to house his help well, and gives them the benefit of his capital, used in buying land on a large scale, laying it out with a view to health and beauty, and purchasing building material for them at wholesale rates, may be very unconscious that he is a social reformer. None the less, though quite independent of legislators, and even distrustful of "theorists," he is doing more to

establish democracy on its necessary moral basis and to bring in the Kingdom of God than the social enthusiast whose large projects meet a fatal enemy in the facts of human nature.

In a notable chapter of his study of "Democracy in America," Tocqueville showed "how an aristocracy may be created by manufactures." Noticing the lack of personal relation between the employer and those whom he employs, this great observer of institutions says: "The manufacturer asks nothing of the workman but his labor; the workman expects nothing from him but his wages. The one contracts no obligation to protect, nor the other to defend, and they are not permanently connected by either habit or duty. The aristocracy created by business rarely settles in the midst of the manufacturing population which it directs. . . . An aristocracy thus constituted can have no great hold upon those whom it employs. . . . The territorial aristocracy of former ages was either bound by law, or thought itself bound by usage, to come to the relief of its servingmen, and to succor their distresses. But the manufacturing aristocracy of our age first impoverishes and debases the men who serve it, and then abandons them to be supported by the charity of the public. This is a natural consequence of what has been said before. Between the workman and the master there are frequent relations, but no real association."

In a certain sense it may be said that this whole volume would serve as a comment on this passage from Tocqueville. The facts of the industrial situation when he wrote indicated only too plainly such tendencies as he deplored, but did not consider fatal.

“I am of opinion, on the whole,” he continued, “that the manufacturing aristocracy which is growing up under our eyes is one of the harshest which ever existed in the world; but, at the same time, it is one of the most confined and least dangerous. Nevertheless, the friends of democracy should keep their eyes anxiously fixed in this direction: for, if ever a permanent inequality of conditions and aristocracy again penetrate into the world, it may be predicted that this is the gate by which they will enter.”<sup>1</sup>

Tocqueville's warning was justified by such facts of the oppression of the poor in the textile industries as I have presented or alluded to, in Part I. of this work. His optimism has been sustained by such facts of an opposite order as show the increasing recognition of his moral responsibilities by the employer of the last seventy years. Moral forces working upon numerous manufacturers in Germany, France, England and America have brought home to their consciences the sacredness of their trust of which Labor Commissioner Wright speaks. Beyond the comparatively few specifications here given of the more striking instances of employers' concern for their employees, there is a vast body of scattered evidence of their liberality to the towns in which they live. Many an industrial village in New England, for example, gives plainest proof that the successful manufacturer does not always keep his business relations with his operatives and his profession of Christian morals widely sundered! That many more may be led to do consciously and on a large scale what not a few are

<sup>1</sup> *Democracy in America*, vol. ii. pp. 196, 197 (Century Company's edition).

to-day doing is the object which has inspired this volume.

Welfare-institutions — home building; insurance against accident, illness, old age, and death; schools; libraries and lecture courses; workmen's club-houses; premiums on wages; employees' stockholding; the workman director; gain sharing; profit sharing; labor copartnership and other methods — now rest on the solid ground of manifold experience. They will flourish and increase as the employers of labor on a large scale view the whole range of their duties with a keener eye. The change from a simple wage contract, with scarcely a touch of human interest in it, will be gradual, like all really fruitful and permanent social reforms. "Father Time consecrates nothing that is done without him." These institutions are not for a day or a year: they have the lease of generations, and their title to perpetuity is guaranteed by the social conscience of civilized mankind.

The wages system, in one form or another, will long endure, it is probable, among men; but we may well believe that its future will be more diversified than its present. Education of hand and brain will gradually raise the level of intelligence among working populations. Machinery, after the inevitable temporary injury, will everywhere increase their comfort and lighten their toil. Moral forces working upon them will dissolve the specious rhetoric that opposes the workman's acquirement of a home and the cheap logic that represents the workman who accepts the employer's sincere offers of friendly association as "a deserter from the army of labor." The much-dreaded trusts will probably hasten the day of industrial peace

by a more scientific treatment of the "living machinery" they employ, in keeping with their economic and scientific wisdom shown in the processes of manufacture and transportation.

Not the be-all and the end-all of social reform (for man is an animal ever needing reformation), welfare-institutions like those here depicted will doubtless play a larger and larger part in the development of industry. The study of them is easy and the imitation of them not difficult for able men.<sup>1</sup> Their gradual introduction will give all parties a better intellectual perception of the real demands of modern industry upon workers with head or hand. The management of them by those who are chiefly to benefit by them will be a school of good judgment and fraternal feeling toward their employers and their fellows as well.<sup>2</sup> Such a practical education, aided by a scheme of popular instruction revised in the direction of manual training and economic guidance, will do an irresistible work, convincing them that mankind can steadily move toward a harmony in which all human interests are reconciled.

I would not be understood as placing a final trust in the mere machinery of such welfare-institutions as have been described in this volume, — "new combinations grafted on the wages system," as M. E.

<sup>1</sup> See Appendix I. on Some Dangers of Paternalism.

<sup>2</sup> Such a management would not easily consent to forfeiture clauses, as a rule: these clauses are much better omitted, even when the sums forfeited by an employee leaving a factory go to the mutual aid fund. So said the Profit Sharing Congress at Paris, in 1889, by a unanimous vote, and M. Cheysson emphatically supports this view. The experience of the Solvay Company (p. 287) is instructive. The employer should avoid the suspicion, even, of desiring to confiscate the workman's savings, under any circumstances.



Levasseur might call them. Pension funds and accident insurance, for instance, are good things, but they are not good enough to constitute in themselves a security for industrial peace regardless of their source. If they have sprung from a transient mood of generosity in an employer whose usual temper is distrust and dislike of his workingmen, they will accomplish little in the way of establishing harmony. Good-will in the employer, a steadfast desire to be the helper of his employees, is the one trustworthy foundation.<sup>1</sup> "Not a patron but a friend" is the workman's need, to paraphrase the excellent motto of Charity Organization.

When masters of industry, true "social authorities," as Le Play called them, are humanely disposed toward their fellow-men who work for them, we have the tap-root of industrial peace. Such a manufacturer may have accident funds and special schools for his works or not, for this is not material. The important point is that he show his humanity in his important office by relieving the injured and educating the young in one or another way. Thousands of employers, undoubtedly, are to-day generously aiding men or women injured in their mills beyond what any statute requires, or helping to educate especially intelligent children of workmen, but doing this in individual cases, not systematically. Such a captain of industry, who has a persistent good-will toward his employees may, with all his lack of rules and system, be on far better terms with them than an employer of an inhuman spirit who has erected a formidable series of wel-

<sup>1</sup> "Tant vaut l'homme, tant vaut la formule," as M. Cheysson well puts it: "The formula is worth only what the man is worth."

fare-institutions for a guarantee simply of his own prosperity.

Trust in machinery as a substitute for specific kindness is one of the besetting sins of social reformers. The best preventive of this tendency in an employer is, doubtless, the good deed he does for any one of his workmen out of pure good-will. He cannot fail, any more than others, to become interested in the man whom he has once helped in this spirit, and each new instance of his own well-doing will confirm such a spirit in him. When the employer feels the necessity of systematizing his benevolence, to save delay, he will wisely bear in mind the necessity of refreshing the institution he creates, from time to time, with a touch of personal interest. Welfare-institutions are good, I repeat, but the individual workingman is not himself an institution, and he is not satisfied to be treated abstractly, as if he were a formula. He cannot be moralized himself, he cannot aid in moralizing the employer, unless some one in authority treats him as a human person, of very individual feelings all compact.

To close as we began, the education most needed by modern employers is in deeper appreciation of the value of moral forces in industry,<sup>1</sup> a finer sense of

<sup>1</sup> The employer who sometimes inclines to envy the rigid discipline of an army would do well to read the article on the Art of War in the *Encyclopædia Britannica*. "In all periods of war," it says, "under all conditions of arms, the moral forces which affect armies have been the great determining factors of victory and defeat." On a "nice feeling of the moral pulse of armies . . . the skill of great commanders has chiefly depended. In that respect there is nothing new in the modern conditions of war. . . . The change consists in the substitution of organization for drill . . . a living organism must take the place of a mechanical instrument." Vol. xxiv. pp. 343, 344.

equity and a truly rational philanthropy. It is always difficult for a class of men who have not themselves originated the system, economic or political, under which they live, to realize its defects, — defects which the testing hand of Time makes evident to the judicious and the disinterested. It is hard to bring home to our own practice the fact that the progress which we most need, as our proud material civilization advances, is to strengthen its moral foundations. Otherwise it cannot long endure the subtle assault of corroding envy and undermining hate felt by the less fortunate classes of our manifold society. As wealth increases prodigiously, and the eager thoughts of strong men are more and more occupied with the life that now is, leaving unnoticed the “consolations” of a religion occupying itself chiefly with a life to come, there is a growing need of refreshing every accessible source of moral inspiration, of knitting closer the weakening bonds of human fellowship, and of establishing every institution solidly upon the eternal bed-rock of justice and righteousness. In the great world of labor this means that arrangements which have suited other times with a less haunting sense of social duty must be revised and adapted to the new light and the profounder impulse of fraternity. If socialism were a workable scheme, it would certainly have a full trial in the next century in more than one country. But it will not work, and better plans, more modest in promise and more effective in result, will come to the front.

Among such systems, more equitable and more successful than the unmodified wages scheme, the method of a dividend to labor commends itself more

and more to far-sighted business sagacity, as well as to enlightened philanthropy. In its various forms, direct or indirect (we need not pin our faith to any single form), no plan of carrying on industrial undertakings pays more respect to the inevitable conditions of the largest success. The high and necessary offices of capital and skill are duly recognized; the authority of the manager is properly respected, while the hand-worker is not viewed simply as a machine, but is elevated into a moral partnership that is effective and ennobling. No method has yet been devised for rendering the whole force of an industrial establishment — physical, mental, moral — more powerful and productive than this simple plan of making all the agents — capital, business talent, labor — partners in the profits. Where the banner of welfare-institutions is firmly erected and persistently followed the jealousy of Ephraim departs, and the enmity in Judah is at an end. In the deep consciousness of a common life, the full recognition of a common aim, and the just division of a common product, the industrial members work together as one body, — head and heart and hand agreeing in one conspiracy of benefit. Great even now is their reward who aspire and coöperate toward such fraternity, inspired by an unfailing enthusiasm for humanity.

# APPENDIX

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## APPENDIX I

### SOME DANGERS OF PATERNALISM

THE experience of the Blanzky mines, alluded to on pp. 129, 130, showed the proprietors very forcibly the dangers that may accompany extreme paternalism, however well meant. The worst strikes at Montceau-les-Mines (as at Le Creusot and some Belgian coal mines) have arisen from difficulties concerning the patronal institutions. The Blanzky Company, as I have pointed out, learned the lesson in time, that such institutions should not cripple the liberty of the workmen, and that they should gradually be put into the hands of the employees, as these become more independent and better informed. A strike to do away with welfare-institutions will seem strange only to those who think of workingmen as a permanently subject class. The Blanzky Company was not open to the full force of Henry George's severe words, — "The protection that certain employers give their workmen is the same as that afforded by men to their brutes, which they protect in order that they may make use of and devour them." But M. G. de Molinari, the well-known economist, saw the root of the trouble at Montceau and wrote of it in the "Journal des Économistes" in November, 1882. His conclusion was thus stated: —

"The defect of institutions, more or less philanthropic, that companies or simple individual contractors establish in favor of their workmen, is that these complicate their relations with them, and, consequently, increase occasions for disagreement. They also, in fact, diminish the liberty of the workmen, who find themselves bound to the workshops or the mine, notwithstanding a higher rate of wages is offered them elsewhere, by their payments towards the purchase of a house, the obligatory participation in the pension bank, and the debts that they have contracted at the provision stores. The result is a state of subjection that does not fail to become insupportable when the employer attempts, according to the example of the manager of the company of Montceau-les-Mines, to prevent all manifestations against his personal opinions. This condition of affairs, between the company and its workmen, perfectly explains the success of the 'mouvement collectiviste anarchiste' of Montceau."

The company realized the great need of abandoning patriarchalism. Its report to the Jury of the Social Economy Section of the Exposition of 1889 treated the subject very sagaciously. I give the substance of it:—

“Employers’ institutions, even while rendering the greatest service, have not, perhaps, given results commensurate with the sacrifices made by the company. One is generally apt to lightly appreciate what has cost no trouble; we accustom ourselves to consider favors as rights. We readily believe that those who do us a kindness are acting from self-interest. Worse yet; when a sort of providence supplies all his needs, without exacting from him any effort, the workman ceases to rely upon himself—he loses his inclination for prudence, for economy, because he no longer feels the necessity of them; his initiative is extinguished, his dignity diminishes, he is ripe for socialism.

“These results, the consequences of patronage carried too far, began to be felt at Montceau some years ago. At the same time, by a kind of reaction natural enough, the spirit of association began to revive. Coöperative bakeries, mutual aid societies, and trade-unions were formed in the country. The new movement was, in fact, directed into revolutionary socialistic channels, rather than philanthropic ones; but, when all is said, it existed, and it denoted a certain state of mind with which it was prudent to reckon. The Blanzv Company comprehended the situation. While preserving its patronal institutions, all of which had serious reasons for existence, at least until they were replaced by something else, they resolved to utilize this movement toward association, to encourage it, and to keep it in the field of the possible. For some years they have followed an entirely new path, and certainly the right one. Moreover, they are not alone in following it.

“To excite initiative in the workman: to give him economic education; to habituate him to depend more upon himself and less upon his employer; to teach him to direct his own affairs; this is preferable to that species of tutelage under which we are led, by pure benevolence indeed, to treat the workman as if he were incapable of comprehending his own interests. The employer should not hesitate to have recourse to association when it is possible. Under this system, he is no longer solely responsible for the happiness of his workmen. Being associated with him in his efforts, they share responsibility with him, and even assume the greatest part of it. This, moreover, does not prevent the employer’s interesting himself as much as he desires in the material and moral well-being of his workpeople and making all the sacrifices he may judge proper. But he gives better; what he gives is more appreciated, because, to his own efforts, to his own sacrifices, are joined the efforts and sacrifices of

those interested, who put in practice the old precept: 'Help yourself and God will help you.'

"Many employers are hostile to workmen's associations, because they fear them; they see in them centres of disorder and evil spirit. Strictly speaking, we might understand this view, if the movement towards association could be arrested; but the current is irresistible. Something is wanted to distract the workman, a change from his habitual work; he has a certain amount of intellectual activity to dispose of; he must dispose of it well or ill, and associations founded with an economic, social or moral aim, or simply established to procure for their members seemly recreation, are really the best aliment that can be offered to such a craving; they are, besides, the best derivative, the best safety-valve against popular passions. Well-directed associations contribute, moreover, powerfully to consolidate social peace, because they teach men to take account of themselves, to know themselves, to appreciate themselves. They afford the means of more readily unmasking intriguers, and useless noisy fellows.

"Finally, there is the brute fact that dominates the whole situation; the current exists, the associations are establishing; and, if we do not have them with us, we have them against us. There is no room, therefore, for hesitation. At Montceau we have only to congratulate ourselves upon the new path on which we have entered. The initiative of the workmen has surpassed all our hopes. Associations are multiplying, and we may believe that, some day, they will everywhere replace employers' institutions, or at least, that these will be so modified that the workmen's efforts will everywhere be associated with those of the employer; but such a change can only come about slowly. Time consecrates nothing that is done without him."

The Société de la Vieille Montagne, unlike the Blanzky mines, has been free from strikes, while maintaining the great variety of welfare-institutions described on pp. 171-173. Its pamphlet presented to the Exposition of 1889 shows the reason:—

"1. The best mode of remuneration for workmen is that which interests them, not in the general advantages of the enterprise, but in industrial results on which they can exercise a direct personal influence.

"2. Wages, to be sufficient, must permit the workman not only to live, but also to save; that is to say, they must secure not only present but future wants.

"3. Even if receiving such wages, the workman will not save or acquire property save under exceptional circumstances, if the employer affords him no opportunity, either by the establishment of savings-banks or by advances made with a liberal prudence.

"4. Even with these advantages, only a minority of skilled work-

men are able to profit by such institutions. The majority require to be protected against the results of sickness, infirmities, and old age by employers' institutions, relief funds, provident societies, etc.

"5. Two conditions, too often neglected, are absolutely necessary for the proper working of these funds, to avoid their ruin.

"(a) The first consists in rendering an exact statement of their present liability and especially of their future calls, and in establishing their resources solidly with the necessary reserves.

"(b) The second consists in doing away with the two systems of administration, either of the employer solely or the workman alone, and in adopting a mixed system.

"Thus only can we interest the workmen in the proper management while retaining the necessary control by the employer."

Dr. E. R. L. Gould's statement (Report, p. 328) alluded to on p. 261, is to the effect that the Willimantic Linen Thread Company, under its present management, "believes that the people do not wish to be helped gratuitously." He then quotes the management concerning Colonel Barrows' arrangements for lunch at a morning intermission, for the women's dinner hour, and for magnifying glasses given to the inspectors of thread — all of which "were not received with favor." I do not consider this *ex parte* testimony sufficient to establish the truth of Dr. Gould's remark, that "there is undoubtedly something in the American temperament, or, perhaps one had better say, in the temperament of laborers working in America, which is hostile to gratuitous help from employers." This unqualified position is quite in contradiction to many facts given in this volume. The *manner* of giving is very important.



## APPENDIX II

### LIST OF PROFIT-SHARING FIRMS <sup>1</sup>

#### FRANCE.

Date.	Name.	Business.	Bonus.
1811	Imprimerie Nationale, Paris <sup>2</sup> ....	Printing .....	Col. Ind. Def.
1839	Seydoux et Cie, Cateau <sup>3</sup> .....	Textiles.....	C.
1842	Maison Leclaire (Redouly et Cie), Paris.....	Painters .....	C. P.
1843	Papeterie Coöperative, Angoulême <sup>4</sup> .....	Paper.....	C.
1848	Deberny et Cie (Tuleu), Paris <sup>5</sup> ...	Type-founders.....	P.
1848	Paul Dupont, Paris.....	Printer .....	P.
1848	Gaidan, Nîmes .....	Banker.....	C.
1849	Gaz du Mans, Le Mans.....	Gas company.	
1850	Assurances Générales (Cie d'), Paris.....	Insurance.....	P.
1853	Le Phénix, Paris.....	Insurance.....	P.
1854	L'Union, Paris.....	Insurance.....	P.
1854	J. Chagot et Cie, Blanzay <sup>6</sup> .....	Coal mines.....	Col. Ind.
1855	La Nationale, Paris.....	Insurance.....	P.
1855	La France, Paris.....	Insurance.....	P.
1865	Suez Canal Company, Paris.....	Transportation.....	C. P.
1868	Renard, Vinet et Bunaud, Lyons <sup>7</sup>	Dyers.....	Ind. C.
1870	Société des Tissus de Laine des Vosges, Thillot et Trougemont.	Textiles.....	C. P.
1871	Pernod, Pontarlier <sup>8</sup> .....	Distiller.....	Ind. Def.
1871	Roland-Gosselin, Paris <sup>9</sup> .....	Broker .....	P.
1871	Vernes et Cie, Paris <sup>10</sup> .....	Bankers .....	P.
1871	Abadie et Cie, Theil <sup>11</sup> .....	Paper.....	C.
1872	Aubert et Terrade, Versailles....	Printers.....	C.
1872	Barbas, Tassart et Balas, Paris <sup>12</sup>	Plumbers .....	C. P.
1872	Imprimerie Chaix, Paris <sup>13</sup> .....	Printers.....	C. P.

<sup>1</sup> In the fourth column C. denotes cash payment; P., investment in some kind of provident fund; Ind., indefinite percentage; Def., deferred payment; Col., a collective bonus; the plans thus indicated are sometimes combined.

<sup>2</sup> Levied on general expenses.

<sup>3</sup> Chief employees.

<sup>4</sup> Coöperative plan.

<sup>5</sup> Pensions; committee.

<sup>6</sup> Patronal.

<sup>7</sup> Gratifications.

<sup>8</sup> Patronal.

<sup>9</sup> Patronal.

<sup>10</sup> Patronal.

<sup>11</sup> Shareholders.

<sup>12</sup> Committee.

<sup>13</sup> Committee.

## FRANCE — Continued.

Date.	Name.	Business.	Bonus.
1872	A. Godchaux et Cie, Paris.....	Printers.....	C. P.
1872	Hanappier, Bordeaux <sup>1</sup> .....	Wines.....	P.
1872	L'Aigle, Paris.....	Insurance.....	P.
1872	Le Soleil, Paris.....	Insurance.....	P.
1872	Société des Mat. Col., St. Denis ..	Chemical products ..	P.
1874	A. Mame et Fils, Tours.....	Printers.....	C. P.
1874	G. Masson, Paris <sup>2</sup> .. .. .	Publisher.....	C. P.
1875	Comptoir d'Escompte, Rouen....	Discount Bank .....	C.
1875	L'Urbaine, Paris.....	Insurance.....	P.
1875	O. Fauquet, Oissel <sup>3</sup> .....	Cotton spinner.....	Ind. C. P.
1876	Morin, Tillot, Ricois et Cie, Au Bon Marché, Paris <sup>4</sup> .....	Retailers.....	Ind. P.
1876	L'Abeille, Paris.....	Insurance.....	Ind. P.
1877	Colin et Cie, Guise <sup>5</sup> .....	Stove foundry.	
1877	Compagnie Générale Transatlan- tique, Paris <sup>6</sup> .....	Steamers.....	C.
1877	Sautter, Lemonnier et Cie, Paris <sup>7</sup>	Electricians .....	Ind. C. P.
1879	E. Buttner-Thierry, Paris .....	Lithographer.....	C. P.
1880	Blanchisserie de Thaon, Vosges..	Bleachery.....	P.
1880	Caillard Frères, Havre <sup>8</sup> .....	Machinists .....	Ind. P.
1880	Chateau Montrose, Médoc <sup>9</sup> .....	Vineyard.....	C. P.
1880	Société du Finistère, Landerneau	Linen.....	C. P.
1881	Caillette, Paris.....	Mason.....	C.
1881	Lefranc et Cie, Paris <sup>10</sup> .....	Printing inks.....	Ind. P.
1881	Piat, Paris <sup>11</sup> .....	Iron foundry .....	Ind. C. P.
1882	Doguin et Cie, Lyons <sup>12</sup> .....	Lace .....	Ind. C.
1882	Moutier, Paris .....	Hardware.....	C. P.
1882	Mouillot, Marseilles <sup>13</sup> .....	Printer .....	Ind. C.
1882	Ch. Mildé, Fils et Cie, Paris.....	Electricians.	
1882	Veuve Pommery, Reims.....	Champagnes.....	Ind. P.
1882	Cusenier, Paris.....	Distiller.	
1883	Compagnie de Fives-Lille, Fives.	Engineers.....	P.
1883	Usines de Mazières <sup>14</sup> .....	Metal workers. ....	P.
1884	G. Gounouilhon, Bordeaux <sup>15</sup> .....	Printer.....	C. P.
1885	Baille-Lemaire, Paris.....	Opera-glasses.	
1885	Lombart, Paris.....	Chocolate works....	C. P.
1885	Mozet et Delalonde, Paris <sup>16</sup> .....	Masons .....	C. P.
1885	Ph. Roux et Cie. (Tangyes), Paris.	Engineers .....	C. P.

<sup>1</sup> Patronal<sup>2</sup> Percentage on business.<sup>3</sup> Committee.<sup>4</sup> Coöperation.<sup>5</sup> Coöperative.<sup>6</sup> Premiums.<sup>7</sup> Gratifications and patronal.<sup>8</sup> A percentage on wages.<sup>9</sup> No bonus divided.<sup>10</sup> Patronal.<sup>11</sup> Patronal.<sup>12</sup> Gratifications.<sup>13</sup> Gratifications.<sup>14</sup> Patronal.<sup>15</sup> Committee.<sup>16</sup> Committee.

FRANCE — *Continued.*

Date.	Name.	Business.	Bonus.
1885	Saunier, Paris .....	Painter and decorator.....	P.
1886	Ph. Monduit, Paris.....	Roofer.....	C. P.
1886	Félix, Paris.....	Tailor.	
1886	L. Brière, Rouen.....	Printer.	
1887	Thuillier Frères, Paris.....	Roofers.	
1888	Bonniot-Pouget, Vallon, Ardèche <sup>1</sup>	Boot-legs.....	Ind. C
1889	La Foncière, Paris <sup>2</sup> .....	Insurance.....	Ind. P.
1890	Boivin, Paris .....	Lace-maker.....	P.
1890	La Providence, Paris.....	Insurance.	
1890	Mines d'Aubigny-la-Ronce.....	Colliery.	
1890	Verrerie de Vierzon.....	Glass-works.....	P.
1891	Petillat, Vichy.....	Foundry.	
1892	L'Abeille, Paris.....	Carriage company.	
1892	Müller et Roger, Paris <sup>3</sup> .....	Foundry.....	Ind. P.
1892	Bréguet, Paris.....	Instruments of precision.....	C.
1892	Banque de dépôts et comptes-courants, Paris.....	Banking.....	C.
1892	Thomas Frères, Pontarlier <sup>4</sup> .....	Printers.....	Ind. P.
1893	Société du Tubulaire Berlier, Paris.....	Transportation.	
1893	Caisse d'Épargne, Reims.....	Savings-bank.....	Ind. C. P.
1893	Mines de Douchy.....	Colliery.	
1893	Magasins de la Ville de Londres, Paris.....	Retailers.	
1893	Forges de Sedan .....	Metal workers.	
1893	La Champagne, Epernay <sup>5</sup> .....	Brewery.....	Ind. P.
1893	Chemins de fer économiques, Paris <sup>6</sup> .....	Transportation .....	Ind. C. P.
1894	Meynadier, Marseilles <sup>7</sup> .....	Colonial goods.....	Ind. P.
1894	Domaine des Grésy, Lalande.....	Farm.....	Ind. P.
1894	Burgart, Oran, Algeria.....	Foundry.	
1894	Ducher, Paris <sup>8</sup> .....	Tailor.....	Ind. P.
1894	Gillet et Fils, Lyons <sup>9</sup> .....	Dyeing and coloring	Ind. C.
1894	Peugeot Frères, Doubs <sup>10</sup> .....	Hardware.....	Ind. P.
1894	Piquet et Cie, Lyons.....	Builders.....	C.
1894	Rivoire et Carret, Lyons <sup>11</sup> .....	Pâtes alimentaires..	Ind. C.
1894	Fauquet, Cables, Eure.....	Cotton-spinner.....	Ind. C. P.
1894	Raltier, St. Etienne.....	Groceries.	
1894	Gaudineau, La Flèche.....	.....	C.

<sup>1</sup> Gratifications.<sup>2</sup> Patronal.<sup>3</sup> Patronal.<sup>4</sup> Patronal.<sup>5</sup> Patronal.<sup>6</sup> Patronal.<sup>7</sup> Patronal.<sup>8</sup> Patronal.<sup>9</sup> Gratifications.<sup>10</sup> Patronal.<sup>11</sup> Gratifications.

FRANCE — *Continued.*

Date.	Name	Business.	Bonus.
1894	Janvier, Père, Fils et Cie, Le Mans.....	Ropewalk.	
1894	Société le Nickel, Paris.....	Metal workers.....	C.
1894	Grands Moulins de Corbeil, Paris.	Millers.....	C.
1894	Le Printemps, Paris.....	Retailers.....	P.
1894	Banque Parisienne, Paris.....	Banking.....	P.
1894	Banque Russe et Française, Paris.	Banking.....	C.
1894	Comp. Foncière de France, Paris.	Bankers.....	C. P.
1894	Télégraphe de Paris à New York, Paris.....	Telegraph Co.....	C.
1894	E. Aubert, Bapaume-lès-Rouen..	Cotton-mills.....	C.
1895	Domaine d'Esquiré.....	Farm.....	C. P.
1895	Progrès d'Eure-et-Loir, Chartres.	Journal.....	C.
1895	Cerf et Cie, Versailles.....	Printers.....	P.
1895	Fréchon, Bordeaux.....	Velocipedes.	
	127 coöperative distributive stores give a bonus to labor.		

NOTE. — The lists of profit-sharing houses published by the French Participation Society, and in the “Almanac of French Coöperation” are undoubtedly too inclusive, as cases of discontinuance of the system are not noted with sufficient care. The above list follows, mainly that of M. Vanlaer, given in his prize essay on *Participation* (Paris, A. Rousseau, 1898). He marks nine cases given in the “Almanac” as having “cessé de fonctionner” (Paris and Orléans Railway; MM. Besselièvre (1877), Caillard (1880), Gilon (1883), Lecœur et Cie (1885), Comte de Lariboisière (1886), Nayrolles (1887), Broquart (1890), and Deberc (1892); the Comédie Française “figures wrongly on the list;” the Comptoir de l’Industrie linière (1846) “has never operated;” and concerning a number of the cases which he gives, his information is marked “insufficient:” I have rectified two mistakes in this list. In the foot-notes to the table above, “gratifications” and “patronal” are M. Vanlaer’s judgments as to the best designation to apply to certain cases. Other cases given in the Almanac, but omitted by M. Vanlaer (probably because profit sharing has been discontinued in them), are the following: Gaguet, Perignon et Cie (1872), Cazalet (1887), Badin et Fils (1890), the Electrical Company (Place Clichy, Paris, 1892), the Sevigné Dairy (1894), Boissière (1894), the Société de Mouzaïa (Algeria, 1895), E. Pantz (1895), the estate Fonsorbes (1895), Lefebvre (1895), the estate Vernis (1895), the Boulonneries de Bogny-Braux (1895), the General Telephone Company (1895), the Paris Lighting and Cooking Gas Co. (1895), and the estate of Got, Isle de Réunion (1895).

GERMANY.<sup>1</sup>

Date.	Name.	Business.	Bonus.
<b>Alsace.</b>			
1847	Steinheil, Dieterlen and Co., Rothau.....	Cotton spinners.....	C. P.
1872	Scheurer-Kestner, Thann.....	Chemicals.....	C. P.
1874	Scheurer, Lauth and Co., Thann.....	.....	P.
1874	Schaeffer and Co. Pfstatt.....	Bleachers and dyers.	P.
1885	Rhin et Moselle, Strasburg.....	Insurance.....	P.
	Société Anonyme d'Industrie Textile, ci-devant Dollfus-Mieg et Cie, Mühlhausen <sup>2</sup> .....	Textiles.	
	Alsatia, Strassburg.....	Insurance.	
1894	J. Zuber, Rixheim.....	Paper works.....	C. P.
<b>Bavaria.</b>			
1866	Morgenstern, Forchheim.....	Tinfoil.....	C. P.
1873	Kaiserslautern Foundry.....	.....	C. P.
1875	Raulino and Co., Bamberg.....	Tobacco.	
1895	Reiniger, Gebbert and Schall, Erlangen.....	Electricians.	
<b>Hesse.</b>			
1866	Louis of Hesse Railroad, Mainz.....	.....	C.
<b>Mecklenburg.</b>			
1847	J. H. Von Thünen, Tellow.....	Farm.....	P.
<b>Mecklenburg-Schwerin.</b>			
1896	W. Gehrcke, Schwerin.....	Wood-worker.	
<b>Prussia.</b>			
1854	J. Neumann, Posegnick.....	Farms.....	C. P.
1869	Ilsede Foundry, Gross-Ilse, Hildesheim.....	.....	P.
1870	Berlin-Anhalt Railway <sup>3</sup> .....	.....	C.
1872	Siemens and Halske, Berlin.....	Electricians.....	C.
1872	Bohm, Brunn.....	Farm.....	C.
1872	Braun and Bloem, Düsseldorf.....	Caps and cartridges.	C.
1873	Mendelssohn and Co., Berlin.....	Bankers.	
1875	Boden-Kredit-Aktien Bank, Berlin.....	.....	P.
1874	K. & T. Möller, Kupferhammer <sup>4</sup> .....	Foundry.	
1886	J. C. Schmidt, Erfurt.....	Blumenschmidt.	
1888	H. Freese, Berlin.....	Venetian blinds.....	C.

<sup>1</sup> In respect to other Continental countries than France, I have followed M. Vanlaer's list with more freedom, as he is evidently less informed in this quarter. In all probability a number of cases here named have lapsed with time: I have not been able to take a satisfactory census.

<sup>2</sup> Patronal.

<sup>3</sup> Gratifications.

<sup>4</sup> Same dividend on savings and capital.

GERMANY — *Continued.*

Date.	Name.	Business.	Bonus.
1892	A. Hirsch and Co., Cassel.....	Federstahl.....	C.
	Limburger, Pfalzhill.....	Farm.....	C.
1896	M. Roesler, Rodach i. Thüringia .	Pottery.	
	Servais, Altenhof.....	Farm.....	C.
	Schulteiss and Co., Berlin <sup>1</sup> .....	Brewery.....	C.
1890	Hallesche Maschinenfabrik.....	Engineers.....	C.
<b>Saxony.</b>			
1869	G. Adler, Buchholz <sup>2</sup> .....	Paper board.....	P.
1893	Ch. Winckler, Leipzig.....	Paper.....	C.
1886	Saxon-Bohemian Steamboat Co., Dresden....	.....	C. P.
1894	Th. Ficker, Pischwitz.....	Leather board.	
	The Royal Statistical Bureaus, Dresden.		
	The Saxon Linen Industry, Frei- berg <sup>3</sup> .....	.....	C.
<b>Saxe-Weimar-Eisenach.</b>			
1897	Carl Zeiss, Jena.....	Optical instruments.	

## SWITZERLAND.

1867	Schoeller et Fils, Schaffhausen...	Textiles.....	P.
1868	Chessex et Hoessly, Schaffhausen.	Textiles.....	P.
1869	Nyon Pottery.....	.....	C.
1870	Billon et Isaac, Geneva.....	Music boxes.....	C. P.
1871	Steinfels, Zurich <sup>4</sup> .....	Soaps.....	C.
1872	Reishauer et Bluntschli, Zurich..	Tools.....	P.
1873	Comp. gen. de Navigation sur le lac Lemman, Lausanne.....	Steamers.....	C.
1876	Tramways Suisses, Geneva.....	.....	C.
1878	Schoetti et Cie, Fehraltorf.....	Matches.....	C. P.
1878	Fabrique d'Appareils Electriques, Neufchatel <sup>5</sup> .....	.....	C.
1880	Mermod Frères, Sainte-Croix....	Watches.....	P.
1892	Compagnie de l'Industrie Elec- trique, Geneva.....	Electricians.	
1896	Wild Brothers, Zurich.....	Printers.	
	Bulland, Geneva.....	Parts of watches.	
	Various coöperative stores.		

<sup>1</sup> Same dividend on wages and capital.<sup>2</sup> Patronal.<sup>3</sup> Same dividend as to stock.<sup>4</sup> Gratifications.<sup>5</sup> Gratifications.

## AUSTRIA-HUNGARY.

Date.	Name.	Business.	Bonus.
1869	Paper Works, Schlögmühl <sup>1</sup> . . . . .	Paper . . . . .	C.
1881	Franco-Hungarian Insurance Co., Budapest . . . . .	. . . . .	C. P.
1889	Unio Catholica, Vienna . . . . .	Insurance . . . . .	P.
1896	Kaolin Company, Karlsbad.		

## BELGIUM.

1872	Lloyds Belge, Antwerp . . . . .	Insurance . . . . .	P.
1888	G. Boël, La Louvière . . . . .	Foundry . . . . .	C.
1891	De Naeyer and Co., Willebroeck. Merlo-Charlier, Etterbeek . . . . .	Machinists . . . . . Zinc worker.	P.
1892	Maison Tiberghien, Ledeberg-les- Gand . . . . . Vimenet . . . . .	Dyers. Felts and hats.	

## HOLLAND.

1880	J. C. Van Marken, Delft . . . . .	Yeast and spirits . . .	P.
1883	Stearic Candle Factory, Gouda . .	. . . . .	P.
1887	Oil and Gelatine Works, Delft . .	. . . . .	P.
1887	Stork Brothers, Hengelo . . . . .	Engineers . . . . .	P.
1888	De Gekroonde Valk, Amsterdam.	Brewery.	
1891	Van Marken Press, Delft <sup>8</sup> De Veluwe, Nunspeet, Gelder- land <sup>2</sup> . . . . .	Varnishes . . . . .	P.

## ITALY.

1873	J. Pellas, Florence . . . . .	Printer . . . . .	P.
1876	Lanificio Rossi, Schio <sup>4</sup> . . . . .	Woolen-mills . . . . .	P.
1885	People's Bank, Padua . . . . .	. . . . .	P.
1887	F. Genevois and Son, Naples . . . .	Soaps . . . . .	P.
	People's Bank, Milan <sup>5</sup> . . . . .	. . . . .	P.
	Dyeing and Finishing Factory, Como. Pia Azienda Tessile, Como. Guide Galbiata et Cie, Milan . . . .	Crapes.	

<sup>1</sup> Gratifications.<sup>2</sup> Shares.<sup>3</sup> Coöperation.<sup>4</sup> Levy on expenses.<sup>5</sup> Nearly all the People's Banks of Italy (154 in 1886, a number largely increased since) give their employees a share in the profits.

## SCANDINAVIA.

Date.	Name.	Business.	Bonus.
1870	H. Väringsaasen, Aadals Brug, Norway.....	Foundry.....	C.
1889	Wood-Pulp Factory, Alsfos, Norway <sup>1</sup> .....	.....	C.
	Stroeman and Larson, Gothenburg, Sweden.....	Saw-mill.....	C.
1890	Atlas Wagon Factory, Stockholm, Sweden.		

## RUSSIA.

	Russian Railways. <sup>2</sup> Morokovetz Factory, Kharkof.		
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## SPAIN.

1891	Real Fabrica de Tapices, Madrid <sup>3</sup>	Tapestry.....	C.
1894	M. Marcet, Tarrasa.....	Woolen-mill.	

## PORTUGAL.

1888	Regie de la Fabrique des Tabacs.	State tobacco works (now a private company).	
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NOTE. — To the list of profit-sharing firms in Germany and Austria-Hungary should be added the Aplerbeck Hütte in Aplerbeck (1898); the Porzellanfabrik in Kahla (1898); the Mechanische Baumwollspinnerei und Weberei in Augsburg; the Aktienbrauerei Rettenmeyer, Stuttgart; the Pfälzische Nähmaschinenfabrik vom Gebr. Kayser, in Kaiserslautern; the Holzstoff-und-Papierfabrik zu Schlema b. Schneeberg; and the Sächsische Leinenindustrie in Freiberg. To the French list should be added Solvay et Cie (p. 153).

<sup>1</sup> Gratifications.<sup>2</sup> System of collective wages.<sup>3</sup> Gratifications.



BRITISH EMPIRE.<sup>1</sup>

Date.	Name.	Business.	Bonus.
1865	Jolly & Son, Bath.....	Drapers.....	C.
1866	Fox Brothers & Co., Wellington, Somerset.....	Woolens.....	C.
1869	Fletcher & Son, Norwich.....	Printing.	
1869	United Coöperative Society, Glas- gow.....	Bakers and caterers.	
1873	Agricultural and Horticultural Association, London.....	Artificial manure, seeds, etc.....	C. P.
1876	Goodall & Suddick, Leeds.....	Stationery and print- ing.....	C.
1876	Women's Printing Society, Lon- don.....	Printing.....	C.
1878	Sir W. G. Armstrong, Whitworth & Co., Newcastle-on-Tyne <sup>2</sup> ....	Engineering and shipbuilding.....	C.
1878	Cassell & Co., London.....	Printing, publishing and bookbinding..	P.
1880	William Jacks & Co., Glasgow.	Iron merchants.....	C.
1881	Birmingham Coffee House Com- pany, Birmingham.....	Catering and hotel..	C.
1881	B. & S. Massey, Openshaw, near Manchester.....	Engineers. ....	C.
1882	Brooke, Bond & Co., London....	Tea blending.....	C.
1883	C. Fidler, Reading .....	Seedsman.....	C.
1884	A. De St. Dalmas & Co., Leices- ter.....	Manufacturing chem- ists.....	C.
1884	Perrott & Perrott, London.....	Packers, clothwork- ers.....	C. P.
1884	Blundell, Spence & Co., Hull....	Colors and paints....	C.
1885	The William Davies Company, Toronto, Canada.....	Pork packers.....	C.
1886	J. W. Arrowsmith, Bristol.....	Printing and publish- ing.....	C.
1886	Burroughs, Wellcome & Co., Lon- don.....	Manufacturing chem- ists.....	C.
1886	Earl Grey, Howick, Lesbury.....	Farming (Lea- mouths Farm)....	C.

<sup>1</sup> Taken, with additions, from Mr. D. F. Schloss' *Methods of Industrial Remuneration* (third edition, 1898); compiled by Mr. Schloss, June 30, 1897, from his *Report on Profit Sharing*, 1894, and the *Labour Gazette* for 1895-1897: a few firms are denoted by letters only. While abridging the addresses and details of the business of the various firms, I have kept Mr. Schloss' nomenclature in the fourth column, which differs somewhat from my own in the other lists. C.= paid in cash; P. = credited to Provident Fund; S. = invested in shares in the undertaking; C. P. = partly paid in cash, partly credited to Provident Fund; C. S. = partly paid in cash, partly invested in shares in the undertaking; P. S. = partly credited to Provident Fund, partly invested in shares in the undertaking.

<sup>2</sup> Date of adoption by the Whitworth firm.

BRITISH EMPIRE — *continued.*

Date.	Name.	Business.	Bonus.
1886	Wm. Thomson & Sons, Woodhouse Mills, Huddersfield.....	Woolens and worsted.....	P. S.
1887	John Boyd Kinnear, Kinloch, Fifeshire.....	Farming.....	C.
1887	Lord Wantage, Lockinge, Wantage.....	Farming.....	C.
1887	Ross & Duncan, Govan, Glasgow.	Engineering works..	C. or C. P., as employ-ees de-cide.
1888	S. & E. Collier, Reading.....	Bricks and pottery..	C.
1888	Walker, Sons & Co., London, and Colombo, Ceylon.....	Engineering works..	C. P.
1888	Coventry Gas Fitting, Electrical, and Engineering Company, Coventry.....	.....	C. P.
1888	Binns & Co., Derby.....	Corn factors, seedsmen. ....	C. P.
1888	Thomas Bushill & Sons, Coventry .....	Manufacturing stationers. ....	C.
1889	W. Rowntree & Sons, Scarborough	Drapers.....	C. P.
1889	J. H. Ladyman & Co., King's Lynn.....	Grocers.....	C.
1889	Sampson Low, Marston & Co., London.....	Publishers.....	C.
1889	Birmingham Dairy Co., Birmingham .....	.....	C.
1889	A. H. Taylor, Malton.....	Groceries.....	C.
1889	Western Tanning Company, Bristol.....	.....	C.
1889	Butler & Tanner, Frome.....	Printing .....	C.
1889	Hele Paper Company, Cullompton, Devon.....	.....	C. P.
1889	Robinson Brothers, West Bromwich and Knottingley.....	Tar distilling.....	C. P.
1889	Avalon Leather Board Company, Street, Somerset.....	.....	C.
1889	A. B. (in Midlands) .....	Manufacturers.....	C.
1889	W. D. & H. O. Wills, Bristol....	Tobacco.....	C.
1889	South Metropolitan Gas Company, London.....	.....	C. and C. S.
1889	Christ, Thomas & Brothers, Bristol.....	Soaps and candles. .	C.
1890	Clarke, Nickolls & Coombs, London.....	Confectionery.....	C. P.
1890	Robert Martin, West Hartlepool.	Printing .....	C.
1890	Newman & Son, London.....	Printing .....	C.
1890	Thomas Hailing, Cheltenham....	Printing .....	C.

BRITISH EMPIRE — *continued.*

Date.	Name.	Business.	Bonus.
1890	C. D.....	.....	C.
1890	Edward Jackson, Reading.....	Tailor.....	C.
1890	E. F.....	.....	P.
1890	Willans & Robinson, Thames Ditton.....	Engine building ....	C.
1890	New Zealand Farmers' Coöperative Association of Canterbury, Christchurch, New Zealand....	Wool and grain merchants, general merchandise.....	C.
1890	Osborne & Young, London.....	Corn and flour.....	C.
1890	W. & J. Mackay & Co., Chatham	Printers.....	C.
1890	East Anglian Fruit Preserving Company, King's Lynn.....	.....	C.
1890	Marquis of Hertford, Ragley, Warwickshire.....	Farming (seven farms).....	C.
1890	H. D. and B. Headley, Ashford, Kent.....	Printing.....	C.
1890	Idris & Co., London, N. W.....	Mineral waters ....	C. P.
1890	William Terrell & Sons, Bristol..	Wire and hemp rope	C.
1891	Hon. T. A. Brassey, Battle, Sussex.....	Farming (two farms).	C. and
1895	.....	.....	C. S.
1891	William Lawrence & Co., Nottingham.....	Cabinet-making.....	C.
1891	J. D. Cartwright & Co., Cape Town, South Africa .....	Provision merchants.	C.
1891	Thomas Brakell, Liverpool.....	Printing.....	C.
1891	Franklyn, Davey & Co., Bristol..	Tobacco.....	C.
1891	G. H.....	Woolen manufacture	C.
1891	T. S. Simms & Co., St. John, New Brunswick.....	Brushes and brooms	C. P.
1891	Women's Work Association, Cheltenham.....	Embroidery, etc.	
1892	John Devereux & Son, Lowestoft	Grocers.....	C.
1892	Unwin Brothers, London.....	Printers.....	C.
1892	Coombs' "Eureka" Aërated Flour Company, Nottingham.....	.....	C.
1892	J. K.....	Manufacturers.....	C.
1892	L. M.....	Supply and manufacture.....	C.
1892	James Johnston, Stirling.....	Wood merchant.....	C.
1892	Clement Dalley & Co., Kidderminster.....	Corn merchants.....	C.
1893	Brownfield's Guild-Pottery Society, Cobridge.....	.....	P. S.
1893	Brush Electrical Engineering Company, London.....	.....	C. P.
1893	Jesse Mundell, Middlesbrough...	House painter.....	C.
1894	Clark's Bread Company, Brighton	.....	C.
1894	Guy's Hospital Trained Nurses' Institution, London.....	.....	P.

BRITISH EMPIRE — *continued.*

Date.	Name.	Business.	Bonus.
1894	Crystal Palace District Gas Company, London.....	.....	C. S. and C.
1894	N. O. ....	Woolens.....	C.
1895	Edwin Broad, Redruth.....	Draper .....	C.
1895	Butterwirth and Hunter, Liverpool.....	Provision merchants	C. .
1896	Kensington Coöperative Stores, London .....	Dressmaking.....	P.
1896	J. T. and J. Taylor, Batley.....	Woolens .....	S.
1896	The Minor Industries Profit-sharing Association, Bridgetown, Barbadoes, W. I.....	Agriculture (sale and purchase).....	C. and Produce.
1896	Pearson and Rutter, Liverpool...	Provision merchants.	C.
1897	Herbert Hutchinson, Haslemere, Surrey.....	Architect and builder	C. P.
1897	Richmond & Co., Warrington...	Gas engineers.....	C. S.
1897	William Latimer, Carlisle.....	Joiner .....	C.
1898	Britannia Works Co.....	Photographic mfrs...	C.
1898	Meath Home Industries Association, Randlestown, Nevan. ....	.....	C.
1899	John E. Nelson, Sunderland.....	Slater.....	C.
	376 distributive and productive co-operative societies. See p. 345.		

## UNITED STATES OF AMERICA.

Date.	Name.	Business.	Bonus.
1878	Peace Dale (R. I.) Mfg. Co.....	Woolens.....	C.
1872	The Riverside Press, Cambridge, Mass. <sup>1</sup>		
1879	Rand, McNally & Co., Chicago <sup>2</sup> ..	Publishers.	
1881	Century Company, New York <sup>3</sup> ..	Publishers .....	C.
1882	Pillsbury Flour Mills, Minneapolis .....	.....	C.
1885	Columbus (Ohio) Gas Company <sup>4</sup> .		
1886	H. K. Porter & Co., Pittsburgh	Light locomotives.	
1886	N. O. Nelson Mfg. Co. ....	Brass goods .....	C.
1886	Rumford Chemical Works, Providence, R. I.....	.....	C.
1887	Rice and Griffin Mfg. Co., Worcester.....	Mouldings.....	C.

<sup>1</sup> Extra interest on savings.<sup>2</sup> Stock dividend to chief employees.<sup>3</sup> Dividend on part of stock.<sup>4</sup> Same dividend as to stockholder.

UNITED STATES OF AMERICA — *continued.*

Date.	Name.	Business.	Bonus.
1887	Procter and Gamble Co., Cincinnati.....	Soaps.....	C.
1889	Bourne Mills, Fall River.....	Cottons.....	C.
1890	P. N. Kuss, San Francisco.....	Painter.....	C. P.
	Public Ledger, Philadelphia. <sup>1</sup>		
1890	Solvay Process Co., Syracuse, N. Y.....	Soda ash.	
1892	Ballard and Ballard Co., Louisville, Ky.....	Flour-mills.....	C.
1895	Acme Sucker Rod Co., Toledo, O.	.....	C.
1897	Broadway Central Hotel, New York. <sup>2</sup>		
	The Hub Clothing Store, Chicago	.....	C.
	The Roycroft Press, East Aurora, N. Y.		
	South Carolina Savings Bank, Charleston.		
1898	Baker Mfg. Co., Evansville, Wis..	Windmills.....	C.
1899	Columbus (Ohio) Traction Company. <sup>3</sup>		

<sup>1</sup> Extra wages, etc.<sup>2</sup> Bonus to chief employees.<sup>3</sup> Same dividend as to stockholders.

NOTE. — There are usually “reformers before the Reformation,” and discoverers of America before Columbus who would, in all probability, have remained as unknown even to the curious, as they have certainly been strangers to fame, had it not been for their greater and more courageous successors. When, moreover, the sole testimony as to the reform or the discovery comes from the person himself and cannot be authenticated now, his claims to distinction must be rated very low. Thus Lord Wallscourt, a British nobleman, stated in 1846 that he had “tried the plan,” on an Irish farm of one hundred acres, “for seventeen years, and [I] have found it to answer much beyond my hopes, inasmuch as it completely identifies the workmen with the success of the farm, besides giving me full liberty to travel on the Continent for a year at a time, and upon my return I have always found that the farm had prospered more than when I was present.” The “plan” in question was “to reckon every workman as the investor of as much capital as will yield at five per cent. per annum the sum paid to him in wages.” Explanation of the noble lord’s meaning, and further details, such as the length of the experiment, and the number of bonuses paid, are lacking. The plan, whatever it was,

apparently died with Lord Wallscourt, in 1849. When one considers the meagreness of this testimony, and the laxity with which the term "profit sharing" is used even now, fifty years later, by many persons, it must seem sufficient to record these facts, leaving the laurels of M. Leclaire as "the father of profit sharing" quite undisturbed. Lord Wallscourt's statement was printed in a "Treatise on the Steam Engine," published in 1846 by the Artizans' Club, and edited by John Bourne, but now inaccessible, apparently. Such good authorities as Mr. W. Pare in his "Coöperative Agriculture" (p. 122) and Mr. E. T. Craig in his "History of Ralahine" declare that Lord Wallscourt "first conceived the idea of adopting profit sharing on paying a visit to the Ralahine farm;" this would fix the earliest date for his experiment as 1831, or, more probably, 1832 — showing an error of three years in his own computation. Neither the Vandelaer experiment (1831), nor the experiment made at Assington Hall, Suffolk, by Mr. John Gurdon, had any profit sharing about it; "in neither instance were the laborers the employees of the land-owner; the coöperative association, to which, in each case, the land was let, cultivated it on its own account" (Schloss). If Mr. Sedley Taylor could dwell on Ralahine as an example of participation, in 1881 (in a paper quoted in his "Profit Sharing," Essay V., Appendix), one may be pardoned for skepticism as to Lord Wallscourt's plan being any more such an example. It bears a suspicious resemblance to the trial of profit sharing said to have been made by the distinguished American statesman, Albert Gallatin, in his glass works at New Geneva, Penn., established in 1794. The one authority here (Professor R. E. Thompson, in his "Political Economy," 1882, p. 138) cannot recall the source for his statement. A patriotic American might, nevertheless, be justified in claiming precedence for Gallatin over the Lord Wallscourt whom Mr. Schloss declares to have adopted profit sharing many years before Leclaire ("Report," p. 161). Both alleged instances should, properly, be ruled out of court, as resting on insufficient evidence.

## APPENDIX III

### CASES OF ABANDONMENT OF PROFIT SHARING IN THE UNITED STATES

IN "Profit Sharing between Employer and Employee," published in March, 1889, I devoted some fifteen pages (345-360) of chapter viii. on "Past Profit Sharing," to American instances of abandonment of the scheme after a longer or shorter trial. The general table in which these thirteen instances were included was entitled a table, not of *failures*, but simply of "cases in which profit sharing has been tried and is not now in force." In some of these cases, like that of A. S. Cameron & Co., makers of steam-pumps, and Lewis H. Williams, builder, an entirely successful scheme was terminated by the death of the employer; "a New England factory" (p. 346) found the results satisfactory so far as the employees were concerned, but, after paying four dividends, no bonus was earned. In another case (the Boston "Herald," p. 360), circumstances were very unfavorable, and but one bonus was at length paid before discontinuance. Norton Brothers, of Chicago (p. 353) extended their system from a portion to all of their two hundred and fifty employees for one year only. The New England Granite Works (p. 353) did not hold to its plan for even one year. The Lister Bros., of Newark (p. 352), divided one bonus and had none the second year, and so discontinued the scheme. Troubles with trade-unions, having no connection with profit sharing, brought about strikes in the noted Brewster case (after two years), with the Union Mining Company (after one year), and with Welshans and MacEwan (p. 357), plumbers (after one year). Another firm, the Sperry Manufacturing Company (carriage hardware), is said to have practiced profit sharing for two years, 1886-87, but to have "realized no perceptible benefit;" all details as to bonus paid and methods pursued are lacking. The "Massachusetts Mercantile Firm" (p. 359), which "experimented with profit sharing" rather unsystematically for some twenty years, "with several cessations of dividends," and the Bay State Shoe and Leather Company (p. 359), which divided six bonuses in the seven years beginning with 1867, are instances of far more pith and moment. If time and patience and education are needed to give profit sharing a reasonable and fair trial, it is plain that, interesting as these facts of record are, but a small number of the cases, thus brought together, simply under the common rubric "ceased to

be," have much enlightenment for us as respects the merits or demerits of this modification of the wages system.

If it would be illogical to set all these thirteen cases down as instances of "failure," still more illogical in several respects is the statistical method pursued by Mr. Paul Monroe in his paper in the "American Journal of Sociology" (May, 1896). Under the proper caption, "Cases in which Profit Sharing has been Abandoned," he summarizes briefly the foregoing thirteen instances and adds twenty cases more of a later date than 1889. Of these twenty instances I mentioned fifteen in the chapter on American cases actually in operation when I wrote: one case (Keene Brothers, p. 317) I should, probably, have included in the table of past instances. Mr. Monroe states that one or two divisions (of certificates payable after five years) were made after 1885, the year in which the plan was adopted by Keene Brothers, "but the personnel of the firm was changed and the plan was abandoned. It had not prevented labor disturbances during the years that the dividends were paid." Mr. Monroe's last instance is the Toledo, Ann Arbor and North Michigan R. R. Company's scheme of 1887, which I noted at the end of the chapter on American cases, but did not include in the table of "cases in which profit sharing is now in operation" (pp. 382 ff.). As this railway was in process of construction in 1887, was not likely to pay any large dividends, and has, in fact, paid none to this time, its inclusion in any list of cases of "abandonment" is somewhat surprising. Its only importance is due to its statement of the *right* of an employee to a dividend — a "right" very easily conceded under the circumstances.

A critical examination of Mr. Monroe's other new cases, eighteen in number, shows that in four cases the results were satisfactory to the employers, but profit sharing was abandoned because of a change in the ownership of the business. These four instances were E. R. Hull & Co., clothiers, of Cleveland, O. (four bonuses paid in 1886-89); the Wardwell Needle Company, of Lakeport, N. H., with the same length of trial; the Crump Label Company, of Montclair, N. J., which made one distribution of twenty per cent. of the profits in 1887; and the Woodstock (Norriton?) Mills Company, Norristown, Pa., which paid one bonus, at least, in January, 1888. Of Mr. Monroe's cases fourteen then remain; of these one was an instance of but one year's trial. This was the Watertown (N. Y.) Steam Engine Company, which paid a dividend in 1891, but did not continue the experiment though "quite willing to believe" that the men would have been educated in time to do much better than the majority did. Even shorter trials, of six months' duration only, were made by the Malvern (Ark.) Lumber Company (1894), and Heywood & Co., shirt manufacturers (1895). In the former case "ninety-five per cent. of the labor employed is of the lowest unskilled labor, chiefly colored. A very large proportion



could not read nor write, and this ignorance prevented any general understanding of the plan. One dividend was paid, and the proposition, explained so thoroughly six months before, had to be discussed all over again. The men thought they were being discharged and paid off. These considerations [including 'lack of permanency'] led to the abandonment of the plan, though the firm expected no results until after the payment of at least one dividend. They attribute the failure to the character of the employees and the industry, not to any defect in the system." Heywood & Co., employing chiefly women, report that they secured good results for a few weeks only, by the promise of a bonus; "carelessness, inattention, idleness and irregularity returned as of old." Another instance of impatience for results is that of Siegel, Cooper & Co., of Chicago, who adopted a plan in 1892 modeled after the Bon Marché, but soon abandoned it. The Wright and Potter Printing Company, of Boston, Mass., tried for two years a plan of dividing a fixed percentage of profits among the deserving men of their force of one hundred and fifty; results not being satisfactory, the company now restricts the distribution to foremen and heads of departments.

If we fix, as we may well do, upon a term of three years as the shortest period for which a trial of profit sharing should continue in order to give any considerable instruction as to the strength or weakness of the system, we have left in Mr. Monroe's list nine instances of abandonment of profit sharing in 1889 or subsequently as important to consider; these are all cases mentioned by me as in operation. Of these, when discontinued, five had continued for three years, one for four (?), one for five, one for six, and one for seven years. The Springfield (Mass.) Foundry Company (1887-89), after paying three bonuses on wages amounting to two or three per cent., write: "In our business it was an injury rather than a benefit to us. We could not see any perceptible increase in the production of our men, nor interest in the care of their tools or material. On the contrary, our employees began to think that they were the proper parties to fix wages and the prices at which we should sell the products. The employees were also careful to take advantage of their membership in the labor unions to enforce their demands. Since we have abandoned the system of profit sharing, these troubles do not exist." As in this case the system was introduced at the instigation of Mr. E. W. Seeger, the treasurer, a decided believer in the plan, whose comments were of a very different tone in 1888, and Mr. Seeger died in 1889, one naturally infers that the system was not after his death in the hands of those who believed in it.

The Haines, Jones and Cadbury Company, of Philadelphia, Pa., being in the same business as the N. O. Nelson Company, naturally adopted a similar system. The experience of the first two years,

1887-88, was reported as "satisfactory to all concerned." After three years' further trial, and dividing some \$30,000 in all, the firm restricted the division to twenty of the "chief men and women:" this restricted profit sharing, Mr. Haines thinks, "is all right, but a general profit sharing, while in theory just, is in practice simply throwing money away." They are quite sure that their profits were reduced by the system.<sup>1</sup>

The Hoffman and Billings Company, of Milwaukee (Wis.), makers of plumbers' supplies, report that profit sharing worked well for several years, when there were profits to divide, "but when we happened to have a poor year, and losses instead of gains at the end of the year, we met sour faces all around among our men, and concluded that it was 'too much of a jug-handle affair' to be continued, so we dropped it. Any company would, of course, have a right to expect some benefit when dividing gains with employees. We found out after profit sharing for about three years that ours was a mistaken idea, and concluded to drop it."

The Globe Tobacco Company, of Detroit, Mich., practiced during 1886-88 the unusual plan of handing over to the district board of the Knights of Labor one per cent. of its gross receipts (about ten per cent. on wages), for the benefit of its employees. A letter from the firm reported, early in 1889 ("Profit Sharing," p. 323), that "everybody concerned is satisfied with this unusual method." Mr. Monroe states that the plan was discontinued, "as having no satisfactory results." This conflict of testimony seems to throw doubt upon the propriety of classing this case as one of "failure," as it is one and the same period of three years which is judged so differently.

Mr. W. Eliot Fette, of Boston, the agent of a small gas company, introduced the plan of paying the employees a percentage on the stockholders' dividend in 1886. Two years later he saw "no reason to regret the adoption of the plan or to give it up," but was about to introduce it into two other companies of which he had the management. Mr. Monroe reports, however, that the plan was given up not only "because of failure of dividends in recent years," but also because of "lack of appreciation on the part of the men;" probably the first difficulty had much to do in producing the second.

Rogers, Peet & Co., clothing manufacturers, New York, adopted a liberal system of participation in 1886 which gave a bonus even to those who had done but a week's work. "Profit Sharing" (pp. 313-314) gives the three dividends paid as over three per cent. each.

<sup>1</sup> This case may be considered one where profit sharing still obtains even according to Mr. Schloss, who makes no attempt "to draw a hard and fast line . . . as to the irreducible *minimum* proportion of the total number of employees who must participate in order to constitute a case of profit sharing." — *Methods of Industrial Remuneration*, p. 247 n.

"Towards the close of the third year our cutters, who were the only mechanics employed in the business, went on a strike over a rather insignificant matter, to settle which we had to call in the authorities of their trade-union. Our position was maintained by the arbitrators, and the men went back to work, but we felt that our liberality towards them was not appreciated, and the next year we discontinued the profit-sharing arrangement. We have always felt that we made a mistake in admitting all our employees to this participation on the same basis; whereas, had we limited the dividend shares to those who had been in our service a term of years, the plan would have worked better all round."

The Bucyrus Steam Shovel and Dredge Company, of South Milwaukee, Wis. (formerly of Bucyrus, Ohio), paid a bonus of twenty-five per cent. on its net profits for 1886, and in 1887 made it indefinite. Employees combining against the company were to forfeit their bonus. After a few years the plan was abandoned "as having few advantages;" the experience of the first two years had been favorable.

The St. Louis (Mo.) Shovel Company also reported entire satisfaction after two years' trial of a profit-sharing plan borrowed from the N. O. Nelson Company in 1887. They had had much trouble with the men, resulting in numerous strikes. In 1896 they gave their opinion that the system decreases the profits of the firm, and reported their experience with a trade-union. "So long as labor unions dominate labor, profit sharing cannot be a success nor prevent labor troubles, even though employers conscientiously and liberally endeavor to work under the system. We had conducted our business on this plan for several years, paying dividends regularly, submitting books to inspection of any committee the employees should so select, making dividends every year with one exception, and on two or three occasions where honesty to ourselves did not justify it. The union was established in the shop during the Pullman troubles, and the men demanded that we be made a union shop, that they appoint the foreman, which we regard a necessary power to retain in the hands of the management for obvious reasons. They demanded that union labels be put upon our goods, to which merchants would seriously object, and this when no existing trouble outside the works was evident. We decided that we could not afford to have the business taken out of our hands, although a minority of the employees only made the demand, but they were backed by the labor organizations. Our works were picketed by union men to prevent employment of other than union men. We thereupon closed down for several weeks and discontinued the profit-sharing system."

The Ara Cushman Company, of Auburn, Maine, manufacturing boots and shoes on a large scale, practiced profit sharing for six years from March, 1886. Mr. Cushman, who rose from the workman's

bench, was thoroughly in earnest; he understood the necessity for patience and education, and set out intending to give the plan a long trial. He pointed out to his employees, as occasion offered, the ways in which they could make the system a success, and he seems in all respects to have fulfilled his part of the contract with zeal and sincerity. Unfortunately, the Knights of Labor were very active and powerful from 1886 on, and did much in Auburn, as elsewhere, to foment bad feeling between the employer and the employee. Mr. Cushman's account of the reasons for abandoning his scheme, as given to Mr. Monroe, is very instructive: (Mr. Monroe exaggerates greatly, however, in saying that the experience of this firm "may be taken as typical of many others," if he means many other profit-sharing firms; while hostility to the plan of a more or less pronounced character has been shown by trade-unions, it is not the fact that "many" profit-sharing firms have been antagonized by the unions in this degree.) Mr. Cushman says:—

"When first presented, our proposition for profit sharing was received by most of our employees with favor, by many of them with enthusiasm, and for the first year or two many of them appeared to try to make their work of such value to the company as would fairly entitle them to a dividend in pursuance of our agreement and purpose. A comparatively small number maintained their interest to the last and witnessed the discontinuance of the scheme with much regret.

"Among the prominent causes of abandonment I will mention: The inadequate ideas of most of the employees in regard to the exacting demands of business, which led them to think that the profits of business were larger and more easily earned than they are; the failure on the part of most of them to realize that success of the business such as would assure them a dividend above fairly liberal wages must depend on the individual efforts of all; many of them could see it to be the duty of the others to be faithful and diligent, but did not give it a *personal* application. But altogether the most important reason why we could not make our plan successful was the opposition, open or concealed, of the labor organizations under the control of professional agitators and leaders. Their purpose was to make workmen believe that their interests were safer and would be better subserved under the control of their organizations than in coöperation with employers of labor; that wages could be increased or maintained more certainly and to a greater extent by the arbitrary demands of labor organizations than by any alliance with employers, with the hope of a fair share of the profits. It was difficult, and became almost impossible, to adjust prices for work with our employees which were satisfactory to them and possible for us to pay, the men being constantly told, and many of them made to believe, that it was our purpose to make prices fully as much lower than other manufacturers

as we would ever pay in dividends. The time consumed by the committee in adjusting prices and settling questions which were constantly coming up came to be quite an annoyance as well as an expense ; the men in most instances being so jealous of their supposed rights that they resisted many necessary and reasonable requirements from the company, while making many unreasonable and impossible claims for themselves. Altogether we felt compelled, much to our disappointment and regret, to discontinue the plan.

“ In conclusion I will venture to express the opinion, that before any system of industrial partnership or profit sharing possible to manufacturers, and hence practical and permanent, can be introduced, there must be more, and to a very great extent radically different, *fundamental* teaching on the part of labor leaders and so-called labor and social reformers. As I read and observe, I think workingmen hear much indiscriminate denunciation of the alleged selfishness, injustice and heartlessness of employers of labor, and but very little, if indeed anything, in the way of admonition or advice to themselves to do faithful, intelligent and efficient work, and in that way to command desirable positions and adequate pay. In the teaching of professed friends of labor much needs to be done first to disabuse the minds of workingmen of the prevalent idea that their employers are necessarily either their enemies, or entirely disregard their interests, and that everybody who has accumulated large wealth must have done it dishonestly and to the detriment or impoverishment of somebody else. When the ‘ New Day ’ of the ‘ Industrial Millennium,’ of which reformers speak and write, is fully established, it will have been brought about fully as much by the increased intelligence, industry, faithfulness and economy of wage-earners as by the increased liberality of wage-payers. If each would study more the common interests of both, we should be nearer the dawn of better conditions.”

From this careful review of Mr. Monroe’s list of cases of abandonment, one may see how misleading were the newspaper paragraphs founded upon it to the effect that, in two cases out of three in the United States, profit sharing has proved a failure. For this misapprehension Mr. Monroe was largely responsible, since in the “ summary ” at the end of his article, he says : “ Of the fifty firms which have adopted the system, twelve continue it, five have abandoned it indefinitely, and thirty-three have abandoned it permanently. . . . The third class vary, in length of trial, from a maximum of eight years to a minimum of six months ; the majority having tried it for a period of from two to three years.” As the maximum instance was “ a success in every respect,” and the two or three instances of six months’ duration deserve no serious mention, Mr. Monroe’s inferences from his statistics must be pronounced more curious than important. Despite his remarks that “ in comparison with European experience,

one is struck with the brevity of the trial [in the third class of abandoned cases?];" and that "it is true, with any such question, that one success will prove that it can be done with profit and any number of failures not prove the contrary," I cannot regard his conclusions as justified by his presentation of the facts, critically examined. For he proceeds to say: "Yet it is as a general type, not an individual variation, that such a system has social significance. . . . A further study will justify two general conclusions: First, that such a system will succeed only with a select few of employers, those with whom social motives have an extraordinary influence and with a grade of skilled or intelligent labor. Second, such a system is of some importance to society from a statical point of view, but little, if any at all, from that of social progress."

The first and the third of these three sentences betray an ambitious, so-called "sociological" method of dealing largely with facts, which is quite out of place in a careful, inductive study of social phenomena. There is a degree of truth in the assertion made in the second sentence, which should be changed, however, so as to read, "will succeed *best* with a select few of employers."

Mr. Monroe also says: "As to a fundamental principle, the large majority are of the opinion that such a plan results in a financial loss to the employer, he being recouped if at all in non-computable ways. Those which continue the plan do so, not as a matter of philanthropy, but as a matter of justice if not of business. These are about equally divided in their opinion as to the direct financial benefit of the plan to the firm." The value of the generalization in the first sentence here is vitiated by the inclusion of so many cases in the article which do not deserve consideration, if for no other reason because of the brevity of the trial, the majority having tried the system "for a period of from two to three years."

The conclusion which it is actually safe and reasonable to draw from American experience in profit sharing is that in numerous instances the plans of the employers made no provision for a trial of sufficient length to insure the education obviously needed. Various mistakes in detail and several external causes, not connected with profit sharing and not always likely to be encountered, have been responsible, largely, for several important failures in the comparatively small number of instances in which, after a wise, long and patient trial, the system has been abandoned as impracticable.

Such a conclusion seems to be essentially unaffected by the developments of the three years since Mr. Monroe investigated the American field. Five of the cases reported in operation in 1896 must now be subtracted. John Wanamaker seems to have been included by mistake. The Scott and Holston Lumber Company, of Duluth, Minn., paid five or six dividends between 1888 and 1894; C. G. Conn,

of Elkhart, Ind., four or five in his manufacture of band instruments between 1891 and 1896; and the Bowdoin Paper Manufacturing Company, of Brunswick, Me., and the Cumberland Mills in the same industry (S. D. Warren & Co., of Boston), initiated profit-sharing plans in 1890. The four firms just named were more or less affected by hard times, and have not resumed the system. Five cases of "temporary abandonment of profit sharing due to commercial depression," given by Mr. Monroe in 1896, are not to be included now in any list of profit-sharing firms, — the Page Belting Company, Concord, N. H., which has failed; the Williamsport, Penn., Iron and Nail Company; Ginn & Co., publishers, Boston; Pomeroy Brothers, chemists, Newark, N. J., — all believers in the system; and the Golden Pressed and Fire Brick Company, of Denver, Colo., which paid one dividend in 1892.

My criticism of the positions assumed by Messrs. Monroe and Schloss must not be taken to indicate lack of appreciation of their valuable contributions to the literature of profit sharing. I have deemed it desirable to make these criticisms here, in the absence of any printed reply to the arguments of these gentlemen, and to point out defects in their discussion. The argument for profit sharing should rest much of its weight now upon the cases where the trial has been long and the policy that of "Thorough." Where profit sharing thus applied has failed to improve the workman's position essentially, I should be one of the last to oppose the substitution for it of some other form of welfare-institution: such a substitution would be evidence of the good faith of the employer. The main matter, never to be sacrificed to any theory, is the actual elevation of the lot of the employee.

## APPENDIX IV

### BIBLIOGRAPHY

**THIS** list includes the principal works on which the present volume is based, but not all the reports and pamphlets issued by numerous houses having welfare-institutions. The largest collection of this material is probably to be found in the library of the Musée Social at Paris.

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